



# **CASA Climate Strategy Climate Workshop**

Tuesday, 6<sup>th</sup> December 2022

## **Acting for Tomorrow**

Philippe Brassac

*Chairman of the Board of Directors, Crédit Agricole CIB*

### **Working every day in the interest of our customers and society**

Okay, I understand we can start. Good afternoon, everyone. I am really pleased to welcome and to host you within these locations in Montrouge. Very pleased, most of all, to try to give you clarity about our climate or energy transition policy and try to give you all the explanations you possibly need about our assumptions, about our definitions, about our methods used to evaluate and disclose each of our metrics or figures. Thank you so much for being present today or being connected.

First of all, let me give you the big picture. Let me give you the big picture on the global framework and timetable in which everything we shall comment today will be included. This timetable is really singular. We are living in unprecedented discrepancy between this incredible opacity on the short term. Nowadays, nobody is able to predict inflation, GDP, or rates simply for the following month. And I am convinced this is a lasting situation for the next few years. On the other hand, a long-term, let us say 2030 and beyond, that has never been so clearly stated, so clearly described, made explicit, at least in terms of expected, wished and necessary future.

This structural opacity for the short term is naturally due to the accumulation of numerous consequences of at least three global shock waves.

First shock wave: The necessary normalisation of monetary policy post-COVID. Thousands of billions of euros are still circulating today within the Eurozone that did not exist simply at the very beginning of 2020. To fight against inflation and to protect our currency, ECB needed to increase rates, to try to lower debts and reduce leverage – perhaps a little bit too late and too fast now, but this is absolutely another story.

Second shock wave: All the systemic consequences on the economy of this awful, this dramatical Russian-Ukrainian war and notably on prices, and now availability of energy and many other commodities. This supply chain turmoil will not abate quickly, even if a peaceful outcome were to be found in the coming months. Just like to take an example of an image of ripples in water after a strong impact.

Third shock wave: After 30 years of global GDP boost, the natural end of the more and more globalisation paradigm, simply because trees do not grow to the sky, simply because the planet is limited. .

### **Our DNA: Societal usefulness versus universality**

So, an incredible opacity on the short term and, on the other hand, when we are looking at what do we have to do to build a sustainable future for 2030 and beyond, clearly things have never been so clear. The necessary energy transition, of course, on which we shall focus today; the healthcare challenge too, because setups are clearly not at scale today to face aging populations all around us and notably in Europe. And let me add the social challenge: our societies can no longer simply add more and more solidarity to the economy. They have

to be more directly inclusive. This is not only a political matter. This is obviously a necessity for the stability of the world system. This is how we see the new paradigm.

Now, let me restate for you why we do consider that our historical development model at Crédit Agricole Group is naturally adapted for this kind of paradigm.

Our model is based on the first axis, regularly extending the scope of our activities to adapt to the global range of the financial and patrimonial needs of our customers: loans, savings, insurance, real estate solution, and now energy transition and so on – the axis of the relationship model.

However, there is a second axis. The second axis is mastering the different business lines we need, taking the form of legal entities not only to serve our universal banks, but also to add another level of development through partnerships or external growth in a consolidating world.

This is a kind of double development architecture. Thus, with this architecture, I think that in your head now, you can easily understand why there is no reason for the opacity of the short term to slow down our commercial development.

### **Climate: One of the three dimensions of our societal strategy**

*Three priorities for transition everywhere, for everyone*

The support of a universal bank with this global range of solutions is increasingly requested by customers for their concrete, for their day-to-day needs in an uncertain environment, notably for hedging numerous and diverse risks. You can also understand why the societal challenges on which we need to invest today to accompany the shift in society are much more opportunities for us than threats or constraints.

We financed agriculture one century ago, equipped modest households with banking accounts in the 1950s, helped households become owners of their housing in the 1970s and 1980s, just for some examples. These were clearly both societal challenges and amazing springboards to our commercial development. This is the concrete story of the first bank in France, the first bank insurer and the first asset manager in Europe that our predecessors succeeded in building.

### **The global equation for energy transition**

Now, let me focus on this CASA Climate Workshop. Let me say, more concretely, CASA energy transition strategy, even if it is more difficult to say.

First, we need to move away from caricatures and approximations. The issue can be reduced to quickly lower the brown part of bank's balance sheet. You must not mistake greening balance sheet for really helping the economy become greener. On the palette of colours, everybody knows that less of brown does not mean more of green. To master to see the global battle field, we need to state the global energy transition equation. Here it is.

*Accelerating the advent of renewable energy*

First, accelerating the advent of renewable energy – let us say the advent of green. The key word is 'accelerating' because this revolution will naturally occur one day after the exhaustion of fossil energies, but much too late. We need to quicken the pace, let us say, from one century to probably just one decade.

Secondly, accelerating the advent of green energy instead of fossil energy and not simply adding green to fossil fuels as it can be expected, for example, in Asia and China for starting point reasons.

However, to reach these two targets between them, we need to master this huge challenge. Let me say this impressive mountain we have to climb all together by equipping with projects, tools, and services using green energies – all of society, from large customers to the most modest households. Facing inexplicable concerns regarding synchronicity, time to market and time to equipment cannot be the same for industrial innovations and day-to-day household equipment.

As a consequence of the previous point, we shall have to mix and to superpose different generation of offers and products within several cycles of equipment and reequipment. At the end of the day, the global energy transition equation is much larger and complex than a green asset ratio; our public commitment about financing or not financing such energy company.

A few comments now on the first branch of the equation: accelerating the advent of green or green energy. Jérôme will demonstrate that Crédit Agricole Group is already number one, in terms of green financing after the State, of course, and public structures.

As a symbolic signal of a cultural shift, let me refer to the fact that we were last week the very first bank in France to disclose a €1 billion loan directly dedicated to the renovation of our nuclear plants. When we are asked if we do finance enough green projects I always answer, to the surprise of the people in front of me, 'Yes, unfortunately.' Why 'unfortunately'? Because all significant green projects are fully financed. The limit is not our ability to finance, but the lack of projects.

Let me now comment something perhaps you never or rarely hear or read about. I already explained that the urgency was to accelerate the advent of green rather than respecting the natural or the normal pace of such a technological revolution. Concretely, that means that technological obsolescence cycles will not be respected, business models will not stabilise, and the supply and demand will not balance out at all times. This transition will be mechanically much more risky than the old paradigm.

We do not need any brown penalising factor in order to convince us to finance green projects that are not numerous enough, by the way. In fact, we would need a green supporting factor in order not to slow down the shift towards green because of our risk appetite frameworks. Perhaps you may have a tendency to mainly focus on the question of ESG commitment compliance. My modest advice is that you should focus on the classical counterparty risk too.

#### *Equipping all of society*

On the second branch of the equation, massively equipping all of society, we have to launch many new offers, we have to structure new activities for tens of millions of customers and probably for the next five, ten, 15, and perhaps 20 or 30 years. Naturally, we are not starting from scratch, but we want to accelerate and amplify. This is why we decided to launch a new business line, Crédit Agricole Transitions & Énergies.

We do expect Crédit Agricole Transitions & Énergies will become what Crédit Agricole Assurances became for insurance activities. However, both climate challenges and time to

market are much shorter now than compared to 20 years ago. That concretely means Crédit Agricole Transitions & Énergies must succeed in five years while Crédit Agricole Assurances was allowed to succeed, for example, in 20 years.

My most important message about this chapter is that energy transition represents, first and foremost, an amazing new potential for commercial development. However, mindsets must change. ESG does not mean constraints or disinterested actions for society. ESG means professionally aligning your own interests with the individuals and collective interests of your environment. At Crédit Agricole, we call that the magic potion, 'usefulness and universality'. There is nothing better as the road map for future.

### *Green rather than fossil fuels*

Third and last branch of the equation, specific efforts to decarbonise our portfolios. This is unfortunately very often the only question which we are asked. We are members of each Net Zero alliance. Today, we shall give you concrete and precise landmarks regarding Net Zero Banking Alliance and, in particular, about our trajectories for the main sectors we significantly finance today.

In a nutshell, let me sum up our commitments. We will nearly divide by two each carbon emission intensity trajectory by the year 2030. For fossil sectors, for which we think in terms of volumes and not in terms of intensity, we are restating today and providing more detail on our different policies.

To sum up once again, complete exit from thermal coal by 2030 for OECD and by 2040 for the rest of the world. For oil and gas, we shall reduce our financed emissions by 30% for 2030. Specifically for oil, because gas is considered by EU as a transition energy, we do not finance new oil exploration projects and we aim to reduce our upstream outstanding by 25% as soon as 2025.

I hope I was not too long. Two key words to sum up our different policies: we are committed and we are demanding. Only one takeaway message, if I can. We do not want to be either the bank that mainly financed the old world or the bank that prefers to only finance the new world. Definitively, we are the bank that will help society move from the present to the future.

Thank you so much for your time. I do apologise because I shall have to join another meeting, but I leave you my three deputy CEOs and a lot of bright, top managers in this room. I do hope that this workshop will be a very intensive and very positive.

Simply now, Jérôme, I leave you the floor. Thank you so much and hope to see you soon.

## **Introduction**

Jérôme Grivet

*Deputy CEO (Steering and Control), Crédit Agricole S.A.*

### **Accelerating the advent of renewable energy**

Thank you, Philippe. Good afternoon, everyone. I will try to develop a little bit more in detail what Philippe just explained as our global strategy regarding climate and climate change and the role we can play in this area. Then, I will, of course, hand over the floor to the specialists

that are going to describe much more precisely the different strategies that we are going to follow, going forward.

As Philippe explained, our climate change strategy is walking actually on three feet. I will try just to give you a few elements to explain a little bit what those three feet consists, starting with the acceleration that is needed for the advent of renewable energy.

This is, of course, the first axis and for us, it is not new. Actually, it has been probably ten or 15 years that we are deliberately investing in green energy sources and financing green energy sources. We do whatever we can in order to accelerate the advent of those green energy production sources. This is why, because we have started early, that we can claim that we are number one in many aspects in this field in France.

This concerns the three main, I would say, businesses in which we are engaged in our global model. Those three businesses are, of course, the financing activities, but also the investment activities, and then, of course, the management of our customers' savings. Let me start with the financing activities.

#### *Financing*

We are the number one in France in the financing of green energy sources. We are the number one provider for green loans for the customers that want to deploy green energy production capacities. Maybe I can just name a few examples.

The first one is that Unifergie is by far the first private financer of green energy sources. The second element which is, of course, very interesting is the fact that CACIB has been a pioneer for more than ten years in the development of the green bond markets and continues to be a very active player in this market.

#### *Investment portfolio*

Second stream, the investment. We are an investor. We are a significant investor through our insurance activities. We are also an investor because we hold significant liquidity portfolios. In those two areas, we have decided to deliberately angle our investments towards the green energy.

This is how now Crédit Agricole Assurances has become the first private investor in renewable energy capacities in France. It now manages in excess of 11 gigawatts capacities and it has a target to reach 14 gigawatts by the end of the present medium-term plan. In addition to that, when we manage our liquidity portfolios, we invest more and more of the bonds that we hold in green, social, and sustainability bonds.

#### *Customer savings*

Third area, customer savings. Of course, we are a very significant manager of our customers savings through Amundi, for example. We have also in this area very significant positions, of course, perfectly respecting the choices of our customers. Here again are a certain number of examples, be it the amounts invested by Amundi directly in AET funds or be it the Unit-Linked products sold by Crédit Agricole Assurances to its customers, or LCL Impact Climate fund.

Here is the first aspect. We invest and we finance a lot the development of green energy capacities.

**Equipping all of society**

Second element. We try as much as we can to help all our customers to organise and finance their own energy transition. We deal with all of our segments of customers from the individuals and households up to the large corporates and, of course, with also the self-employed professionals, the SMEs, or the institutional investors. We deal with all the different aspects of their own energy transition, i.e., the development of their own access to green energy sources, but also to offer them capabilities to use low carbon mobility sources as well as to help them renovate the buildings that they use or the buildings in which they live.

Here are many examples of the different initiatives that we have taken in order to promote the transition of all our customers. I will not describe each of these initiatives, but probably most of them are going to be explained a little bit more in detail in the rest of the presentation.

**Moving from fossil fuels to green energy**

Third point. We move from fossil fuels to green energy sources. As Philippe explained, we are taking regular commitments in order to accompany the necessary reduction of the proportion of brown energy sources in the global energy mix of the economy.

*Setting net zero targets*

We have committed ourselves through the signing of different net zero alliances. It is, of course, the case of the Net Zero Banking Alliance, in which we are engaged and this is going to be the core of the rest of the presentation. However, we have also signed the Net Zero Asset Manager Alliance. Let me just evoke the fact that Amundi has taken this commitment and therefore is now committed to manage by 2025 18% of its funds explicitly aligned with the net zero 2050 targets by 2025. Of course, we have also signed the Net Zero Asset Owner Alliance through which Crédit Agricole Assurances is taking additional commitments in the management of its portfolio of assets.

However, let me concentrate a little bit on the first of these aspects, which is the Net Zero Banking Alliance. In this regard, we are taking commitments that are going to deal with the ten most emissive sectors in which we have financing activities.

Today, we are concentrating and we are disclosing our targets on the five most emissive sectors; in 2023 we are going to disclose the details regarding the five next sectors. Altogether, those ten sectors again represent 60% of all our exposures. What you will see in the rest of the presentation is that all these commitments are not only, I would say, figures on slides, but are going along with a lot of very precise action plans.

*Including, progressively disengaging from fossil fuels*

Regarding fossil fuels, Philippe has given the most important element of our commitments. Again, these commitments are not new. We are not starting today. Actually, we have started more than five years ago in 2015, when we provided our first commitment regarding fossil fuels. We have said that in thermal coal, we have taken the commitment to end our financing by 2030 in the European Union and in the OECD areas and in 2040 in the rest of the world.

Regarding Oil & Gas, we have already taken quite significant commitments, and we are precisising and improving those commitments today. Here on this page, you will find the main elements of this additional commitments, which can be summarised as follows:

- First, we are reducing by 30% up to 2030 the CO<sub>2</sub> emitted by the financing that we provide to our customers in the field of oil and gas.
- Second point. We are going to reduce by 25% our global exposures regarding the oil upstream segment by 2025. We are not going to finance any new oil extraction projects.
- We are going to conduct every year a precise analysis of all the commitments of our customers in the Oil & Gas segment in order to allocate our financing priorities.
- Up to 2025, this is going to lead us to allocate 80% of the financing that we are going to provide to this segment of customers to green projects or to gas projects, gas being a transition energy.

Here are the main commitments that we are providing that will be described a little bit more in depth in the rest of the presentation. I am going to stop here for this first part of the workshop.

I will hand over the floor to Eric Campos, who is going to precise some elements regarding, first, Crédit Agricole Transitions & Énergies. Then, he is going to introduce the methodologies that we are going to follow regarding our commitments.

## **Entering a New Era: New and Upcoming Initiatives**

Eric Campos

*Head of the Societal Project at the Group Project Pole, Crédit Agricole S.A.*

### **Further action needed, through a more systemic approach**

Good afternoon, and thank you, Jérôme. Allow me to take this opportunity to warmly thank all the teams who have worked to make this first step, which is today's presentation, possible. It is more than a year of work and much more than a hundred of experts, business leaders, and C-executives directly involved in this project. You will see the presentation of the different scenarios made by the business leaders of the bank.

#### *Increasing physical, economic, and social cost of climate change*

Transition is a complex pathway, but in order to tackle climate issues, there is a necessary and deep transformation of global energy mixes. Clean electricity generation, network infrastructure and end-use sectors are key areas for increased investment. Enabling infrastructure and technologies are vital for transforming the energy system.

#### *Necessary deep transformation of global and French energy mixes*

Worldwide, the part of fossil fuel in primary energy should move down from 80% to 20% within the next 30 years. Each country will need to design its own strategy, taking into account the specific circumstances. In France, for instance, solar energy capacity should increase by 11x in the same period and the energy consumption should decrease by 40%.



*Necessary remodelling of our lifestyles towards sobriety*

In this context, our guiding principle of the 2050 Net Zero roadmap is that clean energy transition must be fair and inclusive, leaving nobody behind, as Philippe Brassac said. The transition to Net Zero is for and about people. In short, we have to accelerate without harshness, but time is against us.

**A new impulse to support energy transition for all***A new business line and a national brand to amplify our impact: Crédit Agricole Transitions & Énergies*

Our collective organisation is effective and committed, as Jérôme described. However, we expect the context to accelerate with energy crisis and the need for renewable energy, which is becoming more and more under pressure. Worth noticing that governments are trying to put in place increasingly favourable conditions towards the emergence of a low carbon economy. Like financing, energy appears to be the second source of oxygen for a new competitive and sustainable economy.

The creation of Crédit Agricole Transitions & Énergies carries promises of strong growth because it also requires investment and financing capacity, but also governance and proximity to the territories that, with the exception of Crédit Agricole, very few private players are able to bring together. Crédit Agricole Transitions & Énergies is a business line that complements and coordinates the Group's existing transition ecosystem.

To amplify and better structure our action in this long transition period we have in front of us, it has been created around three main missions. First, coordinate the ecosystem; second, support customer energy transition and create added value; and third, become a producer of renewable energy for contributing to accelerate the transition by stepping up local initiatives.

**Crédit Agricole Transitions & Énergies: Coordinate and amplify all CAG initiatives**

Today, as you can see, all the entities are committed to contributing to the construction of a low-carbon economy, from local to national or international level, through financing or investment tools. In this set, you can see all the brands involved in building the low carbon era – what we called our transition ecosystem.

Some examples: Volta, an independent developer and producer of renewable energy with Unifergie and regional banks have signed a partnership to finance rooftop photovoltaic power plants for up to €32 million with partners. Four regional banks recently launched SolarHome Invest, a new financing tool to accelerate the deployment of photovoltaic projects in the Rhône Valley. LCL supports companies to finance their energy transition in the form of loans or financial guarantee for the development of photovoltaic plants and offshore wind farms, for example, or to enable companies to renew their fleet of equipment with more modern, more efficient, and more economical solutions.

Crédit Agricole Assurances has entered into agreement, as Jérôme said, to become a European global player in renewable energy. However, we want to keep on improving our capacity in getting better consistency, collective power and, therefore, capture market opportunities. To do so, we will focus on coordinating, stimulating Group's action, promoting guidelines and business strategies common to all Group entities, and sharing expertise knowledge.

**Support our customers' energy transition and create value**

We have a strong position in certain links in the value chain of transition support for our client. We have described what we call the 'value chain of consulting,' starting from consulting and diagnostics to the control and the performance follow-up. However, we are not present in the first stages, which are essentially technical. We also lack chaining between the different stages to offer our customers a comprehensive end-to-end offer from the diagnostic phase to the phase of monitoring the transition roadmap.

Crédit Agricole's position is strong in financial structuring and financing activities. However, our absence upstream and in certain parts of the downstream value chain exposes us to capturing neither the financial engineering phase nor the financing of the client transition, which is a significant part of the margin in the consulting chain.

For several weeks, we are in close discussion with strategic partners to be able to deliver in Q1 2022<sup>1</sup> in a single offer all the components to support our customers, starting by SMEs in their Net Zero 2050 trajectory: diagnosis and advice, financial structuring, financing, execution and monitoring of works, and monitoring of performance. As Philippe said, the issue is not to green the outstanding, but to support in greening the economy and to support our clients.

We know that the new European CSRD regulation will oblige a large number of companies to monitor and publish their extra-financial performance in ESG matters according to a strict framework under the control of an independent body. The new extra-financial reporting obligations will apply to a much wider scope than before, including all companies listed on a European-regulated market, but also large European companies not listed. These companies will have to work on their own 2050 transition trajectory and we are preparing to support them on this obligation.

**Examples: Three major achievements since the publication of our Societal project**

We are active in many sectors of financing. To deploy the Net Zero single offer that I mentioned, we will rely on the hub initiatives launched in June 2022 to encourage and facilitate the energy transition of our business, professional, and public sector customers. This hub has already been deployed in eight regional banks and is on the course of being deployed in all regional banks.

However, in France, the building sector is the second-most emitter of greenhouse gases. Alone, it accounts for 27% of CO<sub>2</sub> emission and nearly 45% of final energy consumption. The building sector, therefore, has a central role to play in achieving carbon neutrality by 2050. While taking concrete actions for the climate, carrying out energy renovation work makes it possible to improve the comfort of housing and reduce the energy bill of French citizens.

That is the reason why we have decided to build and launch a platform, which was launched in November, to encourage, facilitate, and support customers in the energy renovation of their properties. This e-platform, online since November, proposed a documentary base on energy renovation, a simulator for recommending the work to be carried out as well as the

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<sup>1</sup> Mr. Campos actually meant Q1 2023

cost estimate, a national and local subsidy simulator, a financing simulator, and a directory of certified professionals.

The *livret engagé sociétaire* is a very interesting thing because we have launched that in October. It is a saving account proposed to the *sociétaire* of the Regional Banks of Crédit Agricole. Through this investment, savers financially support concrete action in favour of the climate and the transition to the low economy, to achieve agricultural and agri-food transition, and also to reinforce the social cohesion. This is a success because this offer launched in October has already succeeded in raising €375 million.

### **An unmatched position to identify and develop renewable energies through a scale-up of local initiatives**

As you can see, we are active in the different chains of this renewable and transition sector: financing, sourcing, producing, and distributing.

#### *Multiple channels to identify and source renewable energy projects*

We are active in these many sectors and a few regional banks have also developed know-how in producing renewable energy-based electricity: Crédit Agricole Pyrénées Gascogne, Languedoc, Crédit Agricole Touraine Poitou.

#### *Multiple channels to promote access to green energy consumption for all*

Finally, in recent months, we have set up corporate purchase power agreements (CPPA) with customers. We do not traditionally have access to this type of energy market. LCL and Voltalia have joined forces around an innovative project to enable large and medium-sized companies among the most sensitive to transition and energy mix issues to benefit from contracts securing their electricity supply in the long term of renewable origin produced in France and on the basis of guaranteed capacities and prices.

#### *Already a major player in France with local experience in renewable energy production*

In fact, the market for producing renewable energy will run on a new paradigm. In France, energy production is roughly centralised, intense, and distributed. Nuclear power plants can produce high power between 900 megawatts to 1,400 megawatts per plant on a few acres of land. Switching to solar energy means occupying more space for less relative energy. To obtain the equivalent of a few acres occupied by 1 gigawatt nuclear power plant, it is necessary to occupy 1,000 acres of solar farms or, rather, 1,000 pieces of land scattered over the territories, each producing 1 megawatt. Of course, favouring the short circuits.

The roadmap for the development of renewable energies therefore requires respect and cooperation with local ecosystems and the specificities of each territories. This new model of energy production, bringing producers closer to consumers, suits our organisation perfectly. We believe in becoming a strong player in this new energy model.

#### *Multiple channels to mobilise financial resources*

We are, therefore, going to embark our CPPAs for our business and professional customers, backed by renewable energy power plants that will finance or for which we will hold the production contracts. We will rely on a few regional banks to launch experiments on a regional scale. Then, if successful, we will cautiously deploy on the national scale.

**Crédit Agricole Transitions & Énergies: Creating a national-level energy transition business brand**

To sum up, this new business, Crédit Agricole Transitions & Énergies will ambition to improve our Group coordination in this huge transformation step forward. We will be able to create value for the brand and an additional one for the Group's entities. Of course, we will be supported by external growth to accelerate the time to market and develop new expertise.

We will have a consulting and commercial P&L. We will be able to better understand the nature of risk by improving our knowledge of the customer transition pathway. We will not finance or invest, but we will contribute to the origination of green assets, which could remain on the balance sheet of the entities of the Group or we will accelerate the originate-to-distribute model as well.

I thank you.

**Jérôme Grivet:** Eric will continue to talk, actually.

**Eric Campos:** Yes. I was looking for the mouse, but okay. This will change automatically.

**NZBA: Our Sectorial Targets and Commitments****Net zero: An acceleration of our global commitment**

*Joining market initiatives for Carbon Neutrality by 2050*

Do you have the timetable? As Jérôme and Philippe said, it is a long journey because all the businesses have joined the Glasgow Alliance Initiative. You have the timetable well-described from October. Crédit Agricole Assurances has disclosed their commitment, followed by Amundi. Of course, we are today and we are presenting, as we have started to do so, the Net Zero Banking Alliance with the five sectors.

June 2023, we will have the presentation of Crédit Agricole Assurances. Then, end of the year, we will disclose the five other sectors and probably other things in order to update the commitment or the information.

**NZ targets' publication calendar**

Here, you have the presentation. Just to sum up, ten sectors will present. We have presented Fossil Fuel and Automotive roughly, it was in June, so the business leaders will present the five sectors. As you can see, Fossil Fuel, Automotive, Power, and Cement are quite usual on the presentation. However, we have decided to present the Commercial Real Estate with a complex sector. I think that we are not so much to present this sector so it is quite innovative. We will be followed next year by the five other sectors. Okay? Okay.

**Our methodology**

*Based on scientific facts*

Two slides about the methodology I would like to insist on. First, we have used the Net Zero 1.5°C scenario as a reference – the one coming from the International Energy Agency. We, of course, have decided to include all the greenhouse gas emissions, so the metric is on the CO<sub>2</sub> equivalent. It is calculated whether on absolute emission for Oil & Gas or physical intensity for the four other sectors and the five to follow. We have submitted to the Science Based Target Initiative in October 2022, in accordance with the 2016 commitment.

*Using known methodologies and the best available data*

We use the PCAF methodology. I do not know if you know well the PCAF methodology. It is, of course, benchmarkable because it is used by a lot of peers. However, it is based on the EVIC. EVIC is the value of the company. The value can evolve. That is why we have a volatility of the calculation, of course. We will try to estimate the volatility in order to compare year-to-year.

We use internal data when available, or external data. Due to the quality of data, we issue a PCAF score, depending on the trust that we have based on the data we have. However, we will precise the percentage of the proxy that we have used, but it is totally comparable with our peers. We have taken into account all the methods, all the international standards to be clear and benchmarkable.

*Tailormade for each sector*

Next. Yes. A slight adjustment is interesting. A slight adjustment. Oil & Gas, absolute emissions, first.

Commercial Real Estate, we have taken into account the CRREM scenario. The net zero scenario is not so detailed, in particular if we want to go into the country details. Since there are some big gaps between countries, we have decided to take the CRREM scenario. However, it is validated by ADEME, which is the national institution in France. It is fully on line with net zero, but much more precise.

Automotive and Oil & Gas, we have included the Scope 3 emissions, of course, because they represent the majority of emissions. On Automotive, you know that in Automotive, usually the peers take into account the corporate lending and the OEM financing only. We have decided to add the consumer finance and the leasing, which is, of course, more detailed and, of course, more prudent.

*Consistent and adapted to uses*

All the targets and action plans are prepared by the business leaders totally in line with risk people, with financial people. It is a huge project at the Group level because we have regrouped all the businesses and all the support of the Group to be totally in line: risk, business, and financial.

Before presenting the different sectors – I am giving the floor to my colleagues – I would like just to make a very short statement regarding the route of net zero. The route of net zero is a path, not necessarily 'the path.' There are hypotheses and key uncertainties, notably concerning the role played by bioenergy, by carbon capture, and behavioural changes.

The path to net zero emission is narrow. Staying on it requires immediate and massive deployment of all available clean and efficient energy technology. I would like to give an example of what I said. In the net zero emission pathway, the world economy in 2030 is some 40% larger than today but uses 7% less energy. A major worldwide push to increase energy efficiency is an essential part of this effort, resulting in the annual rate of energy intensity improvement averaging 4% to 2030, about 3x the average rate achieved over the last two decades.

This global pathway requires all governments to significantly strengthen and then successfully implement their energy and climate policy. This is very important to put in place the frame

because, of course, the net zero we will present is totally sensitive on different measures and the equation is very complex.

However, to start, I will give the floor to Nicolas, which is the first sector, who will present Oil & Gas. We have a short video each time – four times – and then the presentation.

[Video]

### ***Oil & Gas Sector Overview***

Oil and gas today: 44% of world GHG emissions.

81% of primary energy consumed in the world (oil, gas and coal).

80% of these emissions are linked to final usage (Scope 3).

#### *Energy consumed in the world*

413 EJ consumed: Industry, 40%; Transports, 28%; Buildings, 32%.

Oil and natural gas: Industry, 36%; Transports, 95%; Buildings, 34%.

According to IEA net zero scenario, necessary immediate decrease in oil production and demand. Decrease in gas production and demand, starting mid-2020s. -30% in GHG emissions by 2030.

Necessity to, 'Synchronise scaling up a range of clean energy technologies with scaling back of fossil fuels.' (*IEA World Energy Outlook 2022*).

CA: working every day in your interest and for society.

[End of video]

Please welcome Nicolas Chapin, who is Head of Global Coverage Organisation for CACIB.

## **Oil & Gas**

Nicolas Chapin

*Head of Global Coverage Organisation, CACIB*

### **Overview of Oil & Gas sector**

#### *The sector today*

Thank you, Eric. As highlighted in this slide, oil and gas represents slightly more than half of the total primary energy supply. Therefore, today, it is fundamental to ensure universal access to affordable and secure energy. However, they represent more than 40% of total greenhouse gas emissions through their production and mostly through the consumption by end users.

In order to achieve net zero by 2050, the world must reduce its consumption of fossil fuels, including oil and gas and, therefore, must very significantly step-up investment into low carbon and renewable energy. The International Energy Agency has assumed in its net zero by 2050 scenario a 30% reduction of CO<sub>2</sub> emissions from oil and gas by 2030 as an accelerated growth of renewable energy would reduce demand for oil and gas.

*Crédit Agricole positioning*

Oil & Gas is a strong business franchise for CACIB, but of modest size for the Group Crédit Agricole. It represents only 1.3% of the Group's exposure at default and less than 1% of its revenues. CACIB, as already stated, is already engaged into aligning its lending activity with the IEA net zero scenario. We have committed to reduce our financing exposure to upstream oil by 20% by 2025 versus 2020, to disengage from nonconventional fossil fuels, and to not finance any oil and gas projects in the Arctic.

**Our baseline and target**

We recently announced our commitment to reduce CACIB's financed emissions linked to our Oil & Gas client portfolio by 30% by 2030 versus 2020, in line with the reduction in oil and gas emissions assumed by the IEA in their net zero by 2050 scenario. This commitment builds on our oil upstream exposure reduction commitment, which we are today stepping up to 25% by 2025 from our previous 20% reduction commitment.

I wish to highlight the ambition embedded into our 30% financed emissions reduction commitment as it applies to all hydrocarbons and the whole industry value chain, from upstream to downstream, from extraction to refining, through pipeline transportation.

*A total of 26.9 MtCO<sub>2e</sub> financed*

Today, we are pleased to share with you our 2020 baseline of our financed emissions linked to our medium and long-term financing of Oil & Gas clients, against which our trajectory to achieve our 2030 target will be periodically measured and communicated. Such financed emissions amounted, as of the end of 2020, to 26.9 million tons of CO<sub>2</sub> equivalent. About 80% of these emissions were Scope 3 emissions linked to the use of oil and gas by end users, which is in line with the global industry.

*Ambitious target in line with IEA NZE scenario and covering a broader scope than our peers*

About 95% of our total Oil & Gas financed emissions are linked to producers, whether they are international majors, national oil and gas companies, or exploration and production specialists. We are, therefore, committing today to reduce the financed emissions linked to our Oil & Gas client portfolio from 26.9 million tonnes in 2020 to 18.8 million tonnes in 2030.

**Our action plan**

Our action plan. Our action plan to deliver our commitment will require pulling on multiple levers. As previously communicated, stepping up the reduction of our upstream oil exposure, steering our lending activity with our Oil & Gas clients towards achieving a lower carbon intensity of our loan portfolio. This will apply to a client mix through the value chain, our transaction mix as well as the nature of the assets we would finance directly or indirectly. This is, in particular, reflected in our commitment that over the 2023 to 2025 period, at least 80% of our asset-based financing and advisory services for clients in the Oil & Gas sector be related to CACIB's green framework or natural gas.

Prioritising clients which are strongly committed to decarbonize through their investments in low carbon and renewable energy as well as those who are or aspire to be leading their peer group in carbon reduction ambitions and, thereby, are acting as catalysts of change for the industry. Finally, reducing our activity with or exit from clients which are not aligned or are not adapting their policies and ambitions fast enough.

As of the end of 2021, Oil & Gas financed emissions had already reduced by about 10% versus 2020 from the dynamic management of our Oil & Gas client portfolio only. Notably, the exit from our US Reserve-Based lending activity, which was decided in January 2020 and which we will be finalising by the end of 2022, so this year.

Going forward, we will seek a more rapid action on our oil-related emissions while we will pursue a more gradual approach on natural gas.

Thank you. This concludes my presentation on the CACIB net zero commitment for the Oil & Gas sector.

**Eric Campos:** Thank you. Thank you, Nicolas. Now, we move to the Power, with one short video before the presentation.

[Video]

### **Power Sector Overview**

Electricity today: 20% of final energy consumed; 25% of world emissions are due to the process of electricity production.

According to IEA net zero scenario, 33% expected growth of world production by 2025 (in TWh); -49% in GHG emissions by 2030 (absolute); carbon neutrality reached by 2040.

World power capacity mix 2050 vs 2020.

Challenges and uncertainties of the transition path: supply chain tensions, heavy investment, technology improvement, dependency on public policies and geopolitical reality.

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[End of video]

Please welcome Danielle Baron, who is our Global Head of Structured Finance for CACIB.

## **Power**

Danielle Baron

*Global Head of Structured Finance, CACIB*

Thanks, Eric, and good afternoon, everyone. First, perhaps – do I have the Power?

**Eric Campos:** Yes.

**Danielle Baron:** No pun intended. There we go. Thank you.

### **Overview of Power sector**

*The sector today*

First, perhaps a little bit of context. In 2021, the electricity sector still contributed 25% of worldwide greenhouse gas emissions mostly through Scope 1 emissions, mostly through coal and some gas. Yet today, we find ourselves with solar and wind being amongst the most mature and cheapest sources of electricity generation. This is a relatively recent phenomenon that the levelised cost of energy of these technologies is, in fact, cheaper than coal or gas. The issue is not around the technology, it is around the deployment of the technology and the speed at which we can deploy it.



Today's electricity accounts for about 20% of the final global energy consumption. Over just the next eight years, the IEA net zero scenario projects that this will have to increase to 28%, with an investment pace, to give you an idea, of \$1.3 trillion annually by the end of this decade. It is obvious that this transformation of the electricity sector will have to happen at an accelerated pace.

I think Philippe mentioned earlier that the keyword is acceleration and I could not agree more. Consequently, for the Power sector, we have the honour of not having a net zero target for 2050, but we have a net zero target of 2040. Our pace is even faster than everybody else's in the Power sector.

### **Our baseline and target**

How is Crédit Agricole preparing for this accelerated transition? Right. First of, we spent the last six months working to establish a baseline from which we could begin to measure our footprint and our progress.

*Already a very green player, with intensity 50% below world average*

In 2020, our baseline year, we were financing 45 terawatt hours of electricity production, 50% of which was through low carbon generation. At this time, we already had one of the lowest carbon-intensive portfolios of our peers, at 224 grams of CO<sub>2</sub> equivalent per kilowatt hour. This is due to several factors.

First was our early commitment to renewables. We financed our first wind farm in 1997. Second was an acceleration of our investment in this asset class, which was a business opportunity as well as a strategic direction that the bank wanted to go in, and that was accelerated over the last ten years. Finally, our stringent coal policy, which we announced in 2016 and updated again and reinforced in 2019.

Going forward, our net zero ambitions in the Power sector will be measured as a function of emission intensity. We will calculate this as grams of CO<sub>2</sub> equivalent per kilowatt hour. This encompasses both CACIB and Unifergie's portfolios. You may want to know that the combination of CACIB and Unifergie accounts for about 95% of Crédit Agricole's total financed emissions in the Power sector.

*Setting ambitious targets to remain best in class*

Moving on to our targets. One sec, there we go. Sorry, targets.

I am proud to announce that our commitment to reduce the emission intensity of our financing to power generation by 58% from 224 CO<sub>2</sub> equivalent per kilowatt hour, which as I said, was already best-in-class to 95 grams of CO<sub>2</sub> equivalent per kilowatt hour from 2020 to 2030.

This is very ambitious, and I think we should be clear about that. It is 31% below the 2030 target of 138 CO<sub>2</sub> equivalent per kilowatt hour that you see there from the IEA net zero scenario. It is also 42% below the recently updated scenario because the IEA has just published its *World Energy Outlook* in October. In that outlook, they have updated that figure up to 165 grams CO<sub>2</sub> equivalent per kilowatt hour. Now, we are 42% below that figure. We are 71% below the figure of 325 for the state of policy scenario.

This confirms a great deal of conviction on the part of Crédit Agricole to accelerate the energy transition, but also reflects our confidence that we will be able to continue to accompany our

clients and to grow our portfolio and to lead and to continue to lead, I should say, really, because we are a leader in this sector worldwide and we are confident that we will be able to continue to do that.

### **Our action plan**

*Ambitious targets consistent with our strong track record and fostering business opportunities*

Okay, action plan. What are we implementing in the terms of strategy? First, it is the client and risk strategy which is evolving, which is adapted to accelerate our support for both renewable developers – so new companies, new corporates that appear on the renewable scene. We have already been onboarding them and we are adapting our credit policy to onboard more and, of course, to accelerate our investment in renewable power generation.

We are scaling up our financing of offshore wind, such as Hornsea Two, which is an example that we have here, which we are very proud of and is a good example of the bank, in all of its places, supporting the energy transition and in supporting new transactions and new ways of decarbonising the electricity supply chain.

Then, finally, we are strengthening our advisory teams dedicated to energy transition, including expansion of our teams in France as well as in London, New York, and Asia. Positioning ourselves as the leading adviser to our clients will, of course, allow us to accompany them in their transition. However, it also is going to enable Crédit Agricole to stay at the forefront of technological and market developments.

In addition to the reduction of our financing of thermal electricity, we will be guided by the disengagement from coal, which we have already mentioned on various occasions, and higher selectivity of power plants that we finance – so the gas-fired power plants that we finance.

Our focus on gas, going forward, is really going to be to replace coal-fired power plants or secure grid balancing services, okay? We are going to reduce, let us be clear. We are going to be reducing our exposure to these plants. We will be focussing on their role in the transition, going forward.

We also look to seek the possibility of hydrogen combustion in those technologies and also retrofitting carbon capture solutions where credible and where appropriate.

Overall, we are going to prioritise clients which are strongly committed to decarbonisation of their activities and their investments and reduce our activity and exit clients that we do not believe share our strong ambitions. We will be relying on our local presence as well as our global expertise in power markets in order to deliver on this strategy.

Thank you.

**Eric Campos:** Thank you, Danielle. Let us move to the third sector, which is Commercial Real Estate with a short video.

[Video]

### **Commercial Real Estate Sector Overview**

Commercial real estate today: 20% of world GHG emissions (commercial and residential). Mostly due to energy consumption linked to heating and cooling: energy efficiency of building

(isolation) x energy source and electricity mix. Strong heterogeneity in carbon intensity across countries and types of buildings.

According to IEA net zero scenario, -60% GHG emissions by 2030, massive effort for better isolation and replacement of fossil-fuelled heating device.

Challenges and uncertainties on the transition path: availability of qualified work force for renovation work, tensions on supply chain, heavy investment and need for new financing models, dependency on public policies.

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[End of video]

Please welcome Olivier Nicolas, LCL Deputy CEO.

## **Commercial Real Estate**

Olivier Nicolas

*Deputy CEO (Corporate Banking & ESG), LCL*

### **Overview of Commercial Real Estate sector**

#### *The sector today*

Good afternoon. Thank you, Eric. As you can see, real estate, both residential and commercial, are responsible for 20% of energy consumption and, as a consequence, are also responsible for a significant part of CO<sub>2</sub> emissions. Energy consumption comes mainly from heating and cooling. That is why the building insulation, the energy mix change, and also the energy efficiency are the key factors to reduce emission in the Real Estate sector.

Today, I will speak only about Commercial Real Estate because it is the only part we address today. Residential Real Estate will come next year, as Jérôme said.

#### *Crédit Agricole positioning*

What does Commercial Real Estate represent at Crédit Agricole? At Retail level, combining regional banks and LCL, CA Group has a very important, very large penetration rates on small, medium, and large corporates. This position gives to Crédit Agricole a major role, which is generally the main partner for real estate financing.

We do that with loans, traditionally, but also by leasing with Crédit Agricole Leasing & Factoring. If we look at CIB level, Crédit Agricole CIB is a major actor in real estate structured finance. It is number two. It is also, as you know, active internationally. That is for financing topics.

However, beyond financing, Crédit Agricole is also present on all the value chain for investment and property management with Amundi and with development with Crédit Agricole Immobilier. As you can easily understand, this is why a leading position of Crédit Agricole on Commercial Real Estate sector does oblige Crédit Agricole to actively address the decarbonisation challenges of this sector.

## **Our baseline and target**

### *A portfolio composed of heterogeneous assets*

Eric said at the beginning that Commercial Real Estate is a quite complicated sector, a complex sector for several reasons. First of all, available data are not very granular, are not very accurate, not so much as we could wish. Neither at public level, nor at client level and, by the way, at bank level.

Another point to have in mind is that Commercial Real Estate sector emissions aggregate, in fact, a lot of various, I could say, heterogeneous situations, depending on geography. Beyond geography, it is also the reflection of the energy mix of each country, but also the age, the type, and the use of the building. The small picture can illustrate this point with huge discrepancies between, for example, an office building in France and healthcare in Spain is nearly one to ten metrics factor.

Another point to have in mind is that International Energy Agency (IEA) metrics and targets, in fact, does not fit properly to the profile of the €26 billion of Commercial Real Estate portfolio that we want to put under the light today and that will consolidate our commitments. That is why we need to find a more appropriate and challenging referential, and this referential is the following.

### *A target in line with CRREM requirements*

To fix the first point, we will use the PCAF metrics because it is, at this time, the most accurate referential. That is for the starting point of 2020. To fix the intermediary point – it is not the arrival point, as you know, but intermediary point of 2030 – we will use CRREM scenarios. Those scenarios are fully compliant with the 1.5°C scenario of SBTI. All of that said, we can summarise our commitments as follow.

We will reduce the intensity of our building emissions by 40%, coming from nearly 46 kilogram per square meter per year to 28 kilogram per year and per square meter. That is the way we want to follow. As Eric said also, we will obviously adapt these targets if the CRREM scenario will change. It is a possibility we keep in mind for the future.

## **Our action plan**

### *Financing the expected massive need for renovation work, leveraging local regulation*

Our action plan or how we will do to reach this objective?

First of all, we will significantly improve the data collection and the quality of the data because for this sector, it is very, very important to make a collectively huge progress.

Second point, the Group will adapt its commercial and risk policy with new guidelines, with energy-linked covenants and price incentives, and also prioritisation regarding the quality of buildings we will finance. We have, in fact, already some very precise objectives for CACIB, for example, which fix green and dark green building exposure objective by 2030. Also, even if it is expressed differently, LCL plans to originate €4 billion of low carbon buildings from now to 2030. LCL has begun to challenge very aggressively the CO<sub>2</sub> emission of buildings before granting any new financing.

Third point, we will make leverage on regulations. For example, in France, *Décret Tertiaire*, that will help our clients to take into account all the progress they have to do. We consider

that the *Décret Tertiaire*, for example, in France, will do half of the way we want to make by ourselves, but it is a quite interesting lever to use.

At the end, the Group wants also to develop turnkey all-in-one NZ solutions combining in one end technology solutions. That means self-production of energy, connected buildings, geothermic and so on and on the other hand, financing solution directly or indirectly. This point is, to my mind, very interesting because it makes a bridge between what Eric said before with Crédit Agricole Transitions & Énergies. It is exactly what we want to do. That means make connection and relation between technology, advice, and also a financing solution because both are very, very tightly linked.

That is the end. What I wanted maybe to say to finish is that we are very convinced that this holistic approach, combined with some calculation we make on the dynamics of our credit portfolio, amortisation, new loans and so on, makes us very confident and optimistic of the capacity, of the achievement, of the objectives we have mentioned by creating new business and also by improving quality of our portfolio, risk quality, and environmental quality.

Thank you very much.

### **Eric Campos**

Thank you, Olivier. Let us move to the number four, which is the Automotive sector, with a short video. It will be the last one.

[Video]

### ***Automotive Sector Overview***

Automotive today: 12% of world GHG emissions (light & heavy vehicles); 20% of GHG emissions in France (light & light-duty vehicles).

According to IEA net zero scenario, massive shift to electric vehicles and soft mobility; -46% in GHG emissions intensity by 2030.

Ambitious European policies – Fit for 55 in EU; -55% in absolute CO<sub>2</sub> emissions from cars by 2030; no new thermal vehicle sold, starting 2035.

Challenges and uncertainties on the transition path: tensions on supply chain and dependency on a few countries for production and raw material, dependency on public policies, need for heavy infrastructures (charging stations, renewables), lack of mature technology for heavy vehicles.

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[End of video]

Please welcome Vincent Carré, who is Head of Group Mobility Services, Crédit Agricole Consumer Finance.

## **Automotive**

Vincent Carré

*Head of Group Mobility Services, CACF*

### **Overview of Automotive sector**

Thank you, Eric. Very happy to be with you today and to represent all my colleagues from CACIB and Crédit Agricole Leasing & Factoring involved in the Automotive business.

#### *Crédit Agricole positioning*

The target of this, first, I will just remind you how much we are involved in Automotive. You know that we directly finance automakers and retailers through CACIB, as you can see here on the right of the slide, our engagement in the Automotive Corporate Financing. However, we also finance directly customers (B2B, B2C) through Crédit Agricole Consumer Finance and Crédit Agricole Leasing & Factoring. You can see here also our engagement that are more than €44 billion.

As for all its activities, Crédit Agricole S.A. is strongly committed to reduce its emission and the intensity of our carbon footprint in the Automotive business. The first target that we have already engaged is for 2025 and is to finance one green vehicle out of two – green meaning electric or hybrid – in total in 2025. This target, very easy to understand, very easy to be appropriated by the teams, will be now completed by a more global target on emission as we are going to see now.

### **Our baseline and target**

#### *A portfolio composed of very heterogenous assets*

On the left of the slide, we see today the repartition of our financing. We see that we are, of course, very strong in France, with more than 400,000 cars financed. However, our presence is more international with very strong activity in Europe, with one million cars financed through Crédit Agricole Leasing & Factoring and Crédit Agricole Consumer Finance, but also a very strong worldwide presence outside Europe with both CACIB present in many countries and our joint venture in China with GIC, which is the third Chinese automaker.

#### *An ambitious target, in line with ambitious public policies in our markets*

You can see at the top-left of the slide that we have calculated our emissions that are at 190 grams CO<sub>2</sub> equivalent per kilometre today. You can see on the right that this emission carbon footprint is already better than the very ambitious IEA scenario. Of course, we are going to keep this trajectory and to remain under the IEA scenario for 2030, which means we are going to reduce our emission in Automotive business by 50% in 2030, which is very ambitious. However, this is a target that we think we can achieve.

Very important, once again. When we calculate both our current footprint and our target, we take into account the full scope of our emissions. We take OEM financing. We take, of course, Retail financing. We take everything, which is something that all our peers do not do today.

## Our action plan

### *Promoting individuals' and businesses' transition towards electric and soft mobilities*

If we look now at the action plan and maybe the most important message for us today is to tell you that this carbon reduction footprint is today more for us an opportunity than a risk – an opportunity because we are confident that we can achieve in the same time this reduction while keeping our profit at the same level. Our action plan, which is very complete, is designed to develop our business, consolidate our profits, and achieve the reduction of our emission.

### *Accompanying the sector's transformation*

We are very confident that we can achieve these two legs in the same time, but we can be profitable and reduce the emissions. First, because there is a global movement that is engaged in Automotive business and especially by our strong partner, Stellantis. We will benefit from this global movement, especially in the growing leasing market that will increase again a lot, pushed by the higher price of electric cars and by the high demand for service.

You have noticed that in the last month, we have really consolidated our presence in leasing. First, with the strong partnership with Stellantis and the creation of a European leasing company. Second, with the takeover of FCA Bank at 100% that will give us a leasing tool available in 18 European countries. Third, with the launch of Agilauto in France that will distribute its leasing products throughout all our agencies in *Crédit Agricole caisses régionales*, and LCL.

The second reason why we are so confident, it is because we have already contracted partnerships with 100% electric automakers, the strongest example being Tesla, which is, today, our partner. We have also other examples like MG, for example, 100% electric, and soon VinFast. These 100% electric automakers will help us to reach our targets.

In addition, we have already contracted three additional partnerships with 100% electric OEMs. It is too soon to announce them here, but they will be announced in the coming months. They will solidify our trajectory in reducing the emissions.

Finally, the third reason of our confidence is because we have launched and we will launch several green and innovative services that are going to support both business and carbon footprint reduction.

A few examples that are on the slide, first for *Crédit Agricole Consumer Finance*. We have developed, for example, electric car sharing with our subsidiary, DRIVALIA in three Italian cities: Rome, Torino, and Milano, with more than 1,000 cars. Soon, DRIVALIA will also show a 100% electric car sharing in Lyon in early 2023.

We have launched in France some eco-leasing solutions for electric cars at €1,200 per month for both new cars and used cars. We grow on this strategy. This was in 2022. In 2023, another example, we launched electric car sharing this time for rural territories, supported by our *caisses régionales* in order to bring also electric mobility outside of the cities in territories that need additional mobility.

A very important example also for *Crédit Agricole Leasing & Factoring* that was announced last week, which is the partnership with Michelin in the development of Watèa. That will help

us to provide for light, heavy vehicles, some full offers of electric cars and charging solutions, and that will help us also to achieve our objective.

As a conclusion, I would say that to reach this ambition, we will be, of course, very faithful to our values and we will support, encourage, help all our Automotive partners to make the electrification challenge a big success for us and for them. However, this target is so important for us that if one of these partners endangers our roadmap for 2025 and 2030, we will consider, of course, the possibility to cancel the partnership to reach our targets.

Thank you for your attention.

Eric, the floor is yours.

### **Eric Campos**

Yes. Thank you, Vincent. Please welcome Tanguy, who will present the Cement sector plus insights on Shipping, Aviation, and Steel. Thank you, Tanguy.

## **Other Sectors and 2023 Disclosure**

Tanguy Claquin

*Global Head of Sustainability, CACIB*

### **Cement**

Thank you. I am very happy to be here. I will present three sectors, actually, which are quite hard to abate as we call them, the first one being Cement.

Cement is a very important sector. It is a very small exposure at CACIB level. However, it is a very important sector because cement is something that we cannot avoid. We need cement in order to build low building housing. We need cement in order to build a low carbon infrastructure. That is the first reason why it is important.

Second reason why cement is very important because it is a super highly intensive sector. Very high carbon intensity for small exposure. It is a very hard sector to abate as we call it. It is a very hard sector to decarbonise because most of the emissions are stemming from the chemistry of cement, which means the need that we have to decarbonise clay in order to produce clinker. The technology in order to do that is not that easy. In fact, the technology that we need to use in order to decarbonise cement is the reduction of the clinker to cement ratio - it is a bit technical - the carbon capture and storage, the electrification of the processes.

Against that backdrop in a situation where very few banks have published a target on cement, we have decided that Crédit Agricole to have an ambitious approach. We look at the cement industry with Scope 1 and 2. We also look at it in a gross approach. We mean that we take into account all carbon emissions, including those coming from the fossil waste. Then, on that basis, we have taken the commitment to reduce our footprint by 20% by 2030.

We measure it in intensity, as for other factors. We are going to make it from 671 grams of CO<sub>2</sub> per tonne of cement to 537 grams of CO<sub>2</sub> per kilogram of cement produced. Again, Scope 1 and 2 and gross, which means that we are not there directly comparable to the net



zero scenario. However, the calculations are close to what the trajectory is showing us that we should reach.

What are we going to do in order to achieve that? We are going to engage. We already have a very strong dialogue with our clients in that space in order to make sure that they have the same trajectory as we do and they invest in that space. We are going to support them in their investment in that space. We are going to steer, if necessary, our cement portfolio in order to reach this trajectory.

We think that there are not so many banks right now having committed in that space. What we add as a commitment is that by 2025, we will review this target because we think that it can go further, it can go faster. However, we need to have a dialogue with our clients in order to be able to review this target, which we will do in 2025. That is for Cement. There are three other sectors in which we have taken a very different approach.

### **Sectors to be addressed in 2023**

#### *Shipping, Aviation, and Steel*

This is Shipping, Aviation, and Steel. As for cement, those are very difficult sectors to decarbonise – hard to abate, as we call them. Those are absolutely necessary sectors also for the economy. Think about steel. We will not manage low carbon transportation, railways without steel. We will not manage to have low carbon buildings without steel either.

Again, those are sectors where the decarbonisation is not easy. For Shipping and Aviation, we need new motorisation. We need new fuels. We need new technologies. That is a solution that is not completely at scale for the moment. That is the case also for Steel. We need hydrogen. We need new processes. We need to decarbonise the steel making, which is not obvious right now.

For those sectors we, therefore, have less clarity than other about the scenario that we will adopt. What is the speed at which we will decarbonise the sector? First thing. Second thing, we do not have always the right data in order to measure our decarbonisation or to steer our decarbonisation. Think about steel, for instance. In the steel industry, one of the key levers is our capacity to know how much scrap will be used by our clients. Those are data that are not reported at the moment.

For those three sectors, we have taken a bit, I would say, in line with the collaborative approach and cooperative approach of Crédit Agricole. We have taken the view that we will work with the industry, so with our peers and with our clients, in order to find what are the right data and what are the right scenarios that we should adopt.

We have created together with others what is called the Poseidon Principles, which is an industry initiative, gathering a few banks, but also gathering data specialists in order to see what is the right data, what is the right trajectory in this industry. Crédit Agricole was one of the co-founders of this initiative, which is managed by a consulting firm called RMI (Rocky Mountain Institute).

We are doing exactly the same in the Aviation space, where we are leading the same type of initiative with the intent to create the same working group, gathering the industry from a banking perspective and from an industry perspective. We have joined, in September last

year, the Sustainable STEEL Principle, which is built exactly under the same approach, gathering the key banks financing steel as well as the steel industry bodies.

As we are engaged into those collective approaches, we have decided that we will postpone the publication of our commitment to 2023 because those alliances are working toward those dates. Bear with us and we will publish in 2023 for all the sectors.

That concludes my presentation.

## **Net Zero Pathways**

Eric Campos

*Head of the Societal Project at the Group Project Pole, Crédit Agricole S.A.*

### **Net zero pathways: Committing to a low-carbon economy**

Thank you, Tanguy. Thank you very much to all the speakers. You have a global wrap-up in this picture. We have separated voluntary at the top, which is on absolute emission on Oil & Gas. There is the four sectors in relative intensity. Roughly speaking, except maybe the Cement, we are about 30% to 60% of decreased emission or intensity between 2020 to 2030. I give the floor to Jérôme for the conclusion.

## **Conclusion**

Jérôme Grivet

*Deputy CEO (Steering and Control), Crédit Agricole S.A.*

### **Our climate strategy supports MTP revenue generation**

*Additional revenue sources, prudent risk management*

Maybe just a few words of conclusion before going to the Q&A session.

The first point is, of course, that this presentation, all the action plans that we have presented to you today and all the action plans that are going to follow with the next sectors that we are going to publish next year are perfectly in line with the financial targets of our medium-term plan. Even more, actually, these strategies are going to support the capacity that we have to meeting our financial KPIs in 2025.

There will be pluses and minuses, of course, as compared to the previous set of activities. However, all in all, what we are sure of is that all these initiatives will require more financing efforts from our side, thus generating more revenues. In addition, we are taking initiatives that are designed to help our customers to handle their own energy transition. This is going to generate fees for us.

All these elements are going to support our revenue generation capacity and will offset any possible negative elements that this transition may give rise to simply because any transition is possibly leading to some downturns and some drawbacks.

Second important point, and even more important point, I would say, all these climate strategy that we have presented to you is perfectly in line with the Group strategy, with the Group's medium-term project, which is, again, let me repeat it, to work every day in the best

interest of the society and of its customers. Clearly, what we are doing here is aligned with what we think is our mission, our task in supporting the economy, and supporting the society.

Third element. These elements are going to be very demanding for the Group, very demanding for the teams. You have seen these commitments, which are very strong, very aggressive. You have seen the action plans, which are very coherent. All these will require a lot of effort from our teams.

Then, the fourth point is maybe that I will go back to the starting point earlier in the afternoon. I have told you that all these elements were not the beginning of our story, of our history, with regards the energy transition, because we have started indeed more than ten years ago to take some initiatives in order to develop our support to the financing of clean energies and so on and so forth.

This presentation this afternoon is not the end either, first, because we still have five sectors to present to you next year. We will indeed have other meetings in order to give details on those five new sectors. However, what we are sure of is that we will need also to permanently adapt what we have presented to you to the evolution of technologies, to the evolution of customer behaviours, to the evolution of regulation.

It is clear that we will have lots of opportunities, going forward, to continue to discuss together on this very important and, I would say, stimulating challenge to play our role, in terms of helping the economy and the society to this energy transition.

Thank you for your attention. I think that we can go now to the Q&A session.

Clotilde, how is it going to go?

## Q&A

**Clotilde L'Angevin:** Yes. Thank you, Jérôme, and thank you, everyone. We are going to start with the questions from the room, for the people who are here. Then, after that, we are going to move on to the questions that we are receiving on the internet. However, please go ahead.

We are going to start with Jacques-Henri Gaulard. I think there is going to be a microphone that is going to come to you right now. Okay?

**Jérôme Grivet:** My key role will be to handle the floor to the guys who are the –

**Clotilde L'Angevin:** Yes.

**Jérôme Grivet:** – colleagues that are going to answer the questions.

**Clotilde L'Angevin:** Here you go. For Mr Gaulard from Kepler Cheuvreux.

**Jacques-Henri Gaulard (Kepler Cheuvreux):** Clotilde, thank you. It was mind-blowing. Congratulations because that is really crazy. However, anyway, two questions. There are so many, but there are two, really.

First of all, just for the sake of clarity, you did not mention any of the revenue targets in the plan that were given by the division during the medium-term plan. Does it mean that will have an impact on their revenues individually, or overall, do they maintain their own revenue count that they had is the first, I would say, question.

Then, we had some outstanding, which is very helpful to some sectors: Commercial Real Estate, ex-Amundi, Power, and Cement. I do not think we had the exposures in billion, so I was just wanted to clarify why that was and if we could have the number?

Lastly, maybe really out of curiosity, how do you treat the data, which is considerable, in there? Also, maybe intra-Group with Jean-Jacques' team at Amundi, if you are dealing, for example, with a listed oil and gas company, no name needed, how do you coordinate and how is it put together? Thank you very much again.

**Jérôme Grivet:** Let me start by trying or giving you a very brief answer on the first question. Actually, we are not changing any of our financial targets for 2025. You know that we are committed to the global figures and to the global KPIs. If we manage to reach them differently than what we have initially foreseen or forecast, that is good enough. We continue to target the same figures for 2025. We think that definitely the breakdown by business line is going to be more or less unchanged. However, what we are sure of is that all this is providing new business opportunities for us.

Maybe on the figures of the outstanding, Tanguy, maybe I think the question was figures regarding the exposures on Cement, Shipping, and –

**Jacques-Henri Gaulard:** Commercial Real Estate.

**Eric Campos:** Commercial Real Estate.

**Jérôme Grivet:** – Commercial Real Estate. Commercial Real Estate, you have the figures? *Peut-être Olivier –*

**Eric Campos:** Starting with Olivier.

**Jérôme Grivet:** Exact, yes. Starting with Olivier.

**Eric Campos:** Commercial Real Estate figures.

**Olivier Nicolas:** Yes, Commercial Real Estate. The outstanding at this time is €26 billion on CACIB, LCL, CAL&F, CA Italia.

**Jacques-Henri Gaulard:** Then, Cement?

**Jérôme Grivet:** Cement, Tanguy? The figure is much smaller, actually.

**Tanguy Claquin:** Cement is less than €1 billion.

**Jérôme Grivet:** Then, the last sector on which –

**Jacques-Henri Gaulard:** Power.

**Jérôme Grivet:** Power? Maybe, Danielle?

**Danielle Baron:** Yes, it is in the slide. It is €11.2 billion exposure on renewable energy. Not total Power, just renewable energy, to be precise.

**Jérôme Grivet:** Okay. Thanks. Maybe Eric, on data?

**Eric Campos:** Yes. The organisation of the project was quite clear. We distribute the game of – the structure, the rules, the principles and then each entities have worked on their data. We do not exchange data, if it was your question, but we respect the same rules. Then, each entity has provided all the figures in order to consolidate. This is very interesting, as a

project, I said because we have the action plan entity-by-entity and not the kind of top-down approach. It is a real bottom-up approach, which is more operational for us.

**Jacques-Henri Gaulard:** Thank you.

**Clotilde L'Angevin:** Guillaume, maybe? Can you say everyone –

**Guillaume Tiberghien (BNP Paribas Exane):** Yes.

**Clotilde L'Angevin:** – your name and where you are from?

**Guillaume Tiberghien:** Hi. I have got two questions.

The first one is about the *livret engagé sociétaire*. How do you sell it to your customers? What sort of remuneration do you offer them? Is it designed to become a massive source of deposit inflow or is it more a side product?

The second question relates to Oil & Gas slide, where you explained that it is 1.3% of your exposures, but only 0.9% of the revenues. I am a little bit surprised because that is a Group Crédit Agricole, which includes mortgages. Mortgages are less risky, so they should have less capital. I am surprised that the activity that maybe consumes a bit more than average capital is much less profitable, in terms of revenue margin.

**Jérôme Grivet:** Maybe I can start with the last question. Bear in mind, Guillaume, that at Group level, and it is even more the case at CASA level, only a small or a minority part of our revenues come from the balance sheet directly. At Group level, it is a little bit less than 50%. At the CASA level, it is 35%. Of course, we have lots of revenue sources that do not depend on the size of the credit exposure. That may explain the slight difference between the 1.3% and the 0.9%. This left time to Eric to gather information regarding the *livret engagé sociétaire*.

**Eric Campos:** Thank you very much. I have a friend in the room. It is 0.7%, on average, for the *livret engagé sociétaire* and it is proposed by the regional bank to the *sociétaire*. I know you have seen on the screen –

**Clotilde L'Angevin:** The mutual shareholders.

**Eric Campos:** Yes. Mutual shareholders, yes.

**Jérôme Grivet:** Yes, over there. Tarik?

**Tarik El Mejjad (Bank of America):** Yes, thank you. I have one question, actually. Thank you for the presentation. Lots of acronyms. I had to Google some of them, which is not different from the banking sector, I guess.

No, my main question is this is really a lot of work for you and it is quite intensive. It is a lot of sectors, very granular. It is almost counterparty-based, actually, review. How have you actually been on track of your commitments by counterparty, especially if the counterparties do not give you enough information or how they are doing into the transition? That reminds me for the SMEs, for example, risk weighting. What rating you will give, in terms of risk, because they do not have enough data? How do you deal with that?

In terms of you managed more cost because you need experts. I suppose it must be very heavy for your divisions to have more stuff dealing with that and gathering the work. It looks quite colossal work. How do you deal with that?

**Jérôme Grivet:** I am looking at all my CACIB colleagues because they are very much involved in this data collection exercise. Maybe, I do not know, Tanguy or Danielle or maybe you want Xavier to have a global – no?

**Tanguy Claquin:** Yes, it is a lot of work. This is of data collection, indeed. What we have done at CACIB is that the team in charge of this is working in the front office side because, in fact, we are also discussing that on a daily basis with our clients. I think this type of question, the carbon footprint of our client, the trajectory, the alignment with the same type of scenario that we have, this is the core of the discussion that we have with them. It does not mean that there is less work, but at least this is pretty aligned with what we are doing also on the business side.

**Jérôme Grivet:** However, maybe in addition to Tanguy's answer, which relates on what is taking place at CACIB, this issue of data gathering is a very global issue that we need to tackle globally for the Group. We invest a lot and we have a lot of people working on this because, actually, this is needed for the sake of the projects that we have presented this afternoon. However, this is also more and more needed for reporting reasons. We have the green asset ratio that we need to publish. We have the Pillar 3 information that we need to update regularly. We have all these reporting constraints that require more and more granular and more and more reliable data. We are going probably to end up adding to our normal data collection, on a name-by-name basis, some additional elements regarding all these energy transition issues.

**Eric Campos:** Maybe if I can add? You know that the regulation, the CSRD rules will oblige the company above 250 staff to publicise, starting in 2024, their transition path, more or less. You are right. The problem is on the non-listed company. Listed company, we have enough, let us say, information and certified information. In 2024, we will have a more complete picture of the company. However, of course, you are right. It is a huge task.

**Clotilde L'Angevin:** Maybe Giulia?

**Giulia Aurora Miotto (Morgan Stanley):** Yes. Hi. Thank you for all this data. It is very helpful.

I guess my question goes back to the ECB climate stress test. The ECB was very critical, or at least that is how I read it, towards banks, in general, saying that they are not ready for the transition, they do not have enough data, etc. When you speak with the ECB, what is your feeling on your feedback? Do you think this is what the ECB wants to see or there is a further step-up on the data and, yes, the level of detail that you need for the ECB to be happy?

How does this translate, ultimately, in capital requirements, if at all?

**Jérôme Grivet:** Well, the angle of the ECB is a little bit different from this one because, actually, what they are trying to track is the risks that we take, not taking into account properly the climate change. Actually, the stress test was all about what risks are we taking with the present exposures that we have, considering the risk and the certainty of the climate change.

This is not exactly with that kind of presentation that we can completely answer their requests, but clearly, it goes into the right direction. It is a permanent dialogue. However, the angle of the ECB again, is really to assess our risks regarding the consequences for us, for

our present exposures of the climate change, not really the efforts that we make in order to push for the transition.

Xavier?

**Xavier Musca:** If you will allow me, I would tend to say that the judgment plans by the ECB is, to a certain extent, a bit severe because as it was said, we have a problem of data as our clients are not providing us with the appropriate data, at least the smallest one. Indeed, in order to make this simulation that the ECB is requesting, we should have a complete set of data and it is obviously difficult.

The other element, which is for me a bit, if you will allow me, unfair, or not complexly justified is that when you are looking at the balance sheet today, it encompasses, obviously, what we have done in the past. We have taken risks, which, obviously, are linked to the society as it was two years, three years earlier and the production system as it worked. Obviously, what we are trying to present today is rather ourselves how we encourage the society and the industrial system to evolve towards greener energy.

Obviously, that is explained in part the fact that the ECB is saying, in my view, 'Well, we are, well, not completely satisfied with what we have found.' However, indeed, I would have been surprised that they would have considered that they had a perfect preparation of the banks for all the reasons we have explained. I think that the fact that next year – no, in two years' time, we will have at least for the biggest companies and the listed ones a more detailed picture about the way they will evolve. It will help us also to have a better assessment of the risk.

**Clotilde L'Angevin:** Mathew?

**Jérôme Grivet:** *Là-bas*, Matthew.

**Clotilde L'Angevin:** We are going to get the microphone up to Matthew Clark from Mediobanca.

**Matthew Clark (Mediobanca):** Hi, yes. A question on, I guess, the audit process for these green commitments. When you lend and you have covenants then as a check against the financial information that your customers give you, you have third-party audited accounts that come in once a year or more frequently. Could you maybe talk about what the equivalent process is for these green transition promises and attestations that your clients are giving you? Is there a risk that you are vulnerable to clients saying everything is okay, ticking all the boxes, and then further down the line, it turns out that there has been exaggeration or even fraud on behalf of your clients because this is a developing framework?

**Jérôme Grivet:** Tanguy is going to provide some...

**Tanguy Claquin:** Of course, there are a number of sectors where we rely on the commitment taken by the clients. That is true. We will have to monitor that on a yearly basis. In fact, we will put in place yearly monitoring and it is going to be even done more frequently than that in order to see if what we have anticipated our clients will do will be done at the pace that we have planned.

However, it is true that in this transition, they are technological risks, execution risks that are not only at our level. We will have to manage that collectively, together with those clients,

but that is not something new. We monitor our client activity more frequently than five years in time.

**Matthew Clark:** How practically do you do that? If you are worried about your client's financial resources in order to contract the balance that is in the bank, etc., if you are concerned about a client's CO<sub>2</sub> emissions, how do you audit that to make sure that they are true?

**Jérôme Grivet:** As we have said it, actually, our customers, and especially the listed ones and the biggest ones, are going to be obliged to publish audited information regarding their own CO<sub>2</sub> emissions and their own commitments to the transition. Starting on the data of 2024, we will have audited data from our customers and, in addition to that, our own figures. Our own performances on the trajectory between 2022 and 2030 for the different sectors in which we have published commitments. These are going to be audited by our own auditors.

**Matthew Clark:** Thank you.

**Danielle Baron:** We are having a bit of a debate between ourselves, but I can – yes. No, I think one thing to say is that, obviously, the quality of data is going to evolve over time. We are trying to be as transparent and honest with you about that in these presentations. There will be volatility just in the methodology itself. There are going to be sectors which we are going to have to republish. We are going to have to reupdate as we go along, right?

I think real estate is for me the quintessential example where the reporting for real estate in France is actually very good in the scheme of things, in terms of how clearly reporting is done, in terms of carbon footprint per square meter. It is less good in a lot of other markets where we operate. We have to take proxies. Our engagement are based on proxies. As those markets evolve and move forward, we will update our data. That is the best we can do. Our undertaking to you is to do the best that we can do.

**Eric Campos:** The European regulation is helping us a lot because in 2024, we will not talk about only a listed company, but also the big company, non-listed. This is very important for us. They will be certified and then we will be certified, due to the European regulation, in what we call the non-financial performance report on an annual basis.

**Jérôme Grivet:** Yes?

**Benjamin Caven-Roberts (Goldman Sachs):** Thank you very much. I wanted to ask, how are you thinking about balancing client relationships involved in, so to speak, the old economy – so supporting your clients involved in coal and oil, which are clearly necessary for energy – to facilitate the green transition? I see one of your targets is disengagement from clients involved in coal power for a 2030 to 2040 phase out. If you have coal clients coming to you with a ten-year project, are you already saying no to those or do you see those as necessary in the green transition?

**Jérôme Grivet:** Xavier, maybe?

**Xavier Musca:** Could you repeat the example, someone?

**Jérôme Grivet:** Ten-year plus, yes.

**Benjamin Caven-Roberts:** The disengagement from clients in coal.

**Xavier Musca:** [French, 01:54:48] –



**Jérôme Grivet:** [French, 01:54:48 to 01:54:51].

**Xavier Musca:** Okay. No, the rules we are applying are, in fact, a bit more detail than what we have presented. What we are saying is that, first of all, if someone is a coal developer, if it is clear that he wants to increase his coal production, we will not make any business with it.

Second, if you have a company which is not aligned with the objective, depending whether it is an OECD country or non-OECD country – OECD company or non-OECD company, if it is not aligned and if it does not have a clear commitment to exit from coal, we will not make business with them. If he has a public commitment and if it is not above 25%, we will accept to make business with him.

We have added to that something which is also important, which is a principle of segregation because the real issue is very often that you have groups and that occurs mainly in Asia, in which you have a lot of activities which are very different. Among these activities, you could have one specific subsidiary which is, for example, green. In that case, we will accept to lend to this subsidiary, provided that the company is able to prove that the financing we are providing them with is completely segregated. Therefore, that we are not financing coal.

Conversely, if we are in a situation in a group which is generally having diversified activities, which happen very often again in Japan and in Korea, when there is one subsidiary which is developing coal or which is massively, I would say, coal intensive, we will be able to finance the company, again, provided that they are able to trace the fact that the money we are providing them with is not going in this company.

We have to be clear on coal. We have entered into a process, which is a process of ban. However, that is in accordance with the recommendation of all the international institutions and our government because there is a willingness to exit from coal. That is different from oil, from gas because we do not consider that the same rules have to apply in the case of oil and in the case of gas.

We even make, as we have demonstrated that, a difference between oil and gas. As you know, gas is considered as a transition energy by the EU. There are, obviously, considering the situation today with Russia, the need to accept some investment in gas. We try to distinguish between those two sources of energy, which has made on fossil fuel. However, if the question is, 'Do we consider that we have to continue to finance coal?', the answer is, 'No, unless there are clear commitments from the company which is working with us.'

**Jérôme Grivet:** Next question?

**Clotilde L'Angevin:** Flora from Jefferies?

**Flora Bocahut (Jefferies):** Thank you. I have two questions I wanted to ask you. The first one is, thank you also from me for all the data. It is very granular, very detailed. Then, to some extent, what is complicated for us from the outside is to compare with peers because the data differs from one bank to the next.

The question I wanted to ask you on this is, from your standpoint, knowing what you commit to, having reviewed your portfolio, looking, I suppose, at what peers have announced, what are the two, three elements that you would highlight that, in your view, you do best-in-class here, in terms of commitment and differentiate CrédAg from other banks? I am talking not just the French, but European banks.

The second question is on the Residential Real Estate, which you said you will discuss in 2023. Obviously, it is a large part of the portfolio. Why do you want to discuss it later? Is it because you lack the data today? Yes. Any comment on that front? Thank you.

**Jérôme Grivet:** Yes. I will ask maybe Eric to provide some more details. However, on the first question, of course, it is very difficult to compare what we propose to what our peers propose. However, actually, we have tried as much as possible to rely on recognised standards in order to account for the commitments that we are taking. On the basis of those standards, for what they are worth, we are able to compare what we propose to what our peers propose. I think that from this point of view, we are not so badly placed, to say the least.

**Eric Campos:** Yes. I can maybe share with you the ambition that we had in the beginning. First is to say this is not a constraint, it is an ambition. Second, we do not want just to green the outstanding, but we want to have two axes. One is to support the client in order them to green their economy and then us, as a consequence, to green the outstanding. The angle of client was very important. Opportunity, client base are for me the two drivers of what we are working for.

Then, it is not an excel sheet, let us say, expert task that we have done. It is a real, real huge transversal project in the Group in order to empower the business lines to integrate the climate in the core of their own strategy. I strongly believe that this is what we are succeeding in. Then, you can compare. We have precised the figures, the perimeter, the focus. The last, maybe a snapshot with the gram per kilowatt hour, with the kilo by square metre, and so on and so forth – for us, this is comparable. This is comparable.

**Jérôme Grivet:** Then, when it comes to – excuse me, Xavier – just on Residential Real Estate, it is clear that it is very difficult because we lack data. Data is the heart of the matter, from this point of view.

**Eric Campos:** Yes. Sorry, if I may, Xavier, on the Residential Real Estate? Since the method that we have chosen is the bottom-up method for working on real estate, we have to work with all the regional banks, one by one. We have 39. This is a huge task that we have in place to –

**Jérôme Grivet:** Plus LCL –

**Eric Campos:** Plus LCL.

**Jérôme Grivet:** – plus Crédit Agricole Italia.

**Eric Campos:** Yes, but LCL is already involved in that. Now, we have to involve the regional banks. That is the reason why. On agriculture sector, we follow the same methods with 39 projects, let us say.

**Jérôme Grivet:** Xavier, maybe?

**Xavier Musca:** No. On the comparison with the others, I will not do the comparison because it would be, I would say, inelegant, unfair. However, you understand what I am thinking profoundly?

**Flora Bocahut:** Yes, I got you.

**Xavier Musca:** However, the issue is not this one. What I really want to say is, first of all, we are not presenting you something which is static. We are not saying, 'Those are our commitments', and then bye-bye, we will come back in 2029 or in 2030 and we will see. In fact, as we are trying to demonstrate to you, we are engaged in the process.

We have not hidden the fact that this process is complex, is difficult. Why is it complex and difficult? Because we lack data. In some cases, we lack methodology. There are a lot of uncertainties on technologies. In Cement, for example, some of our clients are not yet completely aware on the way they will themselves act in order to meet the targets, etc. It is work on process.

The only thing we want to communicate to you is not that we are the best, we are at the highest level and we stop, but rather that we are engaged into a long-term process which is progressive. We will cover next year five new sectors. You can imagine the intensity of work which is needed. You offered me the opportunity, so thanks very much to all the teams in our bank which have spent a lot of time, a lot of efforts in order precisely to go through all these elements. We will progressively improve the data, the methodology, and cover a broader range of sectors.

Again, what we want to communicate to you is not that we are the best statically, but at least that we are the most serious in a long-term process in which there is a clear direction. This direction is to favour the production of more green energy and progressively reduce our carbon footprint. That, in my view, is a key message.

Another remark, which is maybe not politically correct. Some of the banks today which have made some commitments in the past, some are withdrawing their commitments they have done and they are going the other direction. You have to not only to measure the progress we are doing but also, well, the retraction from others. Thank you.

**Clotilde L'Angevin:** Pierre Chedeville from CM-CIC? Do you have the microphone? Yes.

**Pierre Chedeville (CIC):** Yes. My question is a perfect follow-up about what was said by Xavier because when we look at – I am not a specialist of climate change, of course. However, we understand that globally, there is a direct correlation between GDP growth and energy consumption. We also know that fuel will not be replaced by renewable in a short time, actually.

My question is if all banks in the world were as virtuous as you are or as you want to be, can you imagine what could be the impact on the worldwide GDP growth at the end of the day? I was thinking about Mr Pouyanné, who recently said in a public conference with the turn of humour, 'When a French bank leaves my office saying it was not going to finance any more my extraction project, I do not care because the day after, I have five Japanese banks and five American banks. It is not a problem for me.'

From a global point of view, of course, you can be proud of your targets. It is, of course, very virtuous. However, first of all, can you measure the impact that it can have on the growth? Because at the end of the day, if you listen to Jancovici, etc., if you move very fast on decreasing fossil energy, you will have necessarily an impact on GDP growth. When I am listening, all the banks with all their objectives, I think that they are thinking about it in abstraction. They all decreased fuel, had a very good pace, but no impact on growth.

**Pierre Chedeville:** It is a little bit like IFRS 7. No impact.

**Jérôme Grivet:** I would – I will give the –

**Pierre Chedeville:** It will change, but no impact.

**Jérôme Grivet:** I will give the floor to –

**Pierre Chedeville:** My second question is more micro.

**Pierre Chedeville:** My second question – and I have another question.

**Jérôme Grivet:** Okay.

**Pierre Chedeville:** I had a conversation with Jacques Ripoll last year or your last –

**Clotilde L'Angevin:** Yes.

**Pierre Chedeville:** – Investor Day. I was a little bit surprised, compared to what said Philippe Brassac, because Jacques Ripoll told me the exact contrary. He said, 'I do not have a lack of projects. I have too many projects to finance.' He said, 'My problem is that I do not have the team to address all these projects.' I know you have ambitions on that.

I would like to have a little bit more colour regarding your agenda on recruitment, in terms of teams, in terms of calendar, expertise. What do you want – in what expertise do you want to invest regarding these projects in the three – until 2025, for instance. Thank you.

**Xavier Musca:** No. Thank you very much for these questions. I think that Danielle wants to answer the second one. I do not know this Mr Ripoll. Who is he, really? No, that is a joke. He is a friend, obviously and we have very good memories of his participation to Crédit Agricole.

On the first question, you will allow me to make maybe two remarks. The first thing is that we are financing Total. We will continue to finance Total. We have no difficulty in doing that. First of all, that has to be very clear.

Second, what we are trying to do is not to say to Total, 'We will stop having any relation with you.', but rather through notably what we have said, the fact that we will finance in the investment in Total and the likes, we will finance 80% of projects which are turned towards electricity and gas. What we are saying is that those companies will have to evolve and, in fact, evolves in the direction of having more gas, more electricity, less oil. That is precisely the strategy which is applied by our friend from Total. I do not see any contradiction between what we are saying and what Patrick Pouyanné is doing.

The second thing is that you asked me – well, to a certain extent, you are putting into question the appropriateness of our approach in a global context and whether it will really support growth, etc. Well, I am fundamentally a democrat and we are all democrats. We are listening what our political masters are telling us. What are they telling us? What we are doing here is just trying to align the strategy of the bank with what the French government and, more globally, Europe is telling us. Not only them, but other governments are taking the same direction.

I am not here, and we do not consider it would be appropriate for us to say the governments, the EU, the whole society is willing us to go in one direction. I will not respect that. I will go in the opposite direction. Maybe some other banks will do that. However, we are considering

that our role is to be in accordance with society, with the general spirit which is in the society at the moment. Therefore, we are trying to align our policies with these social requirements.

**Pierre Chedeville:** Maybe [inaudible], following what our government wants and what Europe wants, that will have its an impact –

**Xavier Musca:** No, but –

**Pierre Chedeville:** – on the stock price.

**Xavier Musca:** We are considering, and that is maybe the most important part. In fact, we are not. You are looking at the issue only, if you will allow me, on the punitive and Malthusian parts. We have exactly the opposite view.

We do consider that what is happening today, with the ERA in the US, with the green energy plants in the EU, is a unique opportunity for a bank like ourselves. Because what are we good at? We are good at financing infrastructure. There is a tremendous need for infrastructure. We are good at financing energy. All what we are thinking about is a revolution in the energy sector.

Talking about CACIB, but we could say the same for Crédit Agricole, CACIB is historically excellent in financing energy. Energy sector is changing. What should we say? We will stay with the old world? Or should we say, 'We are very proud and very hungry to go towards the new world and to make money with it.'? I think that for our shareholders, it is a good news. It is a good news. I think that Danielle will tell you, or Nicolas, that we are not embarrassed with opportunities of financing projects, etc.

**Jérôme Grivet:** Maybe one last point on this question. As Eric said when he presented the global methodology that we are following, actually all the trajectories that we have provided for each sector is aligned with the official AIE –

**Clotilde L'Angevin:** IEA.

**Jérôme Grivet:** – okay, you got it – scenario, which means that this is compatible with the scenario in which the growth is kept positive whilst the global warming is maintained at 1.5°C. Of course, you can believe or not this scenario. However, I think this is the best available scenario that we could use. We are absolutely coherent with this scenario.

Maybe on the team issue, is that –

**Danielle Baron:** Yes, okay. Sure.

**Jérôme Grivet:** Danielle, go ahead.

**Danielle Baron:** Sure. Look, again, in my spirit earlier of being perfectly transparent when we started looking at these trajectories at first, I had a little bit of a [gasps]. Okay?

Then, we started building up bottom-up what we have in our portfolio, what we are targeting. Then, you start looking at policies going out in Europe. You look at the Inflation Reduction Act. You look at the price of electrolyzers or batteries and you start to build a picture where you can, in fact, see – or the falling cost of offshore wind, for example, which has been a huge market for us. We are not lacking in projects. I do think historically, France has been a very competitive market. We have been number one in France. I think speaking to Philippe's

comment is that this has been a very competitive market right here – our home market. Obviously, we are very big in France. That is fair enough.

However, I do think that the policies, that are changing – we are finally doing our first offshore wind deals in France as well – is going to lead to an acceleration and I am feeling quite confident because we are number one that we will be able to maintain that position here, but also that we are going to be able to grow significantly overseas in this sector where we already have a very well-established presence.

We have power professionals in 13 countries. They are long-in-the-tooth, experienced in the energy sector, exactly as Xavier was saying. We have been growing our teams. They have expanded recently. We are continuing to invest in them in the MTP. This has been taken into account. We are beefing up everywhere – in France, of course, but also, as I said, in fact, in my presentation, in London, and New York, and in Asia.

I am fairly confident that we have a lot of opportunities. I think that also our history in Oil & Gas is going to give us a leg up as well in the green molecule revolution, which we have invested in as well. We were one of the first banks to focus on hydrogen. We have several advisory mandates today. You do not see the results of those yet because they are advisory, and we have yet to bring financing because it is a brand-new sector. However, I think it is a very good example of the dynamic nature of our teams, of what we are investing in, and the bank is backing us, in terms of those investments.

I am feeling quite confident. Xavier is smiling at me, I think, because he did say that Americans tend to be quite confident and this is perhaps proof-positive. However, I do believe in the teams and I believe in our ability to deliver this.

**Jérôme Grivet:** Thank you, Danielle. I think that both LCL, CACF, and CAL&F and the other financing entities of the Group, which are involved in this presentation, could exactly state the same thing.

**Clotilde L'Angevin:** We have more than 300 people who are virtually here, but we do not have 300 questions. We only have ten minutes left, so I am going to select a few questions.

One, in particular, 'Can you elaborate on your commitment in favour of electric mobility supply chain, in particular, regarding the role of the bank in the battery supply chain?' We had about that just previously. Maybe for Danielle or...?

**Jérôme Grivet:** Vincent, maybe?

**Vincent Carré:** Okay. The question is more about batteries, then on –

**Clotilde L'Angevin:** Yes.

**Vincent Carré:** – [French, 02:18:24 to 02:18:25]? Okay. Sure.

**Clotilde L'Angevin:** Yes.

**Vincent Carré:** Our first commitment, of course, is to deliver more and to finance many more electric cars. Okay? In terms of battery financing, we are going to, of course, to support as much as we can the supply chain where needed. There are a lot of projects that are currently implemented in France. We play our role as a banker to support these projects if needed. I speak about the projects, for example, developed by Stellantis or by Renault. We will play just a role of bankers, if we need to.

However, our commitment today is really focussed on what is complex. What is complex is to sell and to finance more electrified vehicles on the market. This is really the point where we are pushing at the moment. Okay.

**Jérôme Grivet:** Thank you. Clotilde?

**Clotilde L'Angevin:** There is another question – maybe two together. 'How is Crédit Agricole's climate strategy and progress overseen by the Senior Management, the Board, or other Executive Management members?'

There is another related question, which is – but we have talked about it a little bit already. Will we report regularly on our progress towards our climate strategy? What would be the platform for this reporting?

**Jérôme Grivet:** However, I think the commitment of Philippe himself, who introduced the meeting plus Xavier, Olivier, and myself here attending the meeting and actually overseeing the preparation since many, many months of this workshop is illustrating the fact that the general Management and the governance of the Group is fully involved. I think it is not really useful to elaborate more on that one.

When it comes to the reporting, actually, we are now committed to report regularly on the advancement of those trajectories. We will have different opportunities. However, I can tell you that on a yearly basis, at least, we will be able to give you an update on where we stand with regards to all these commitments. As I said, and I think that Danielle also talked about it, we will also have to update you on the evolution of the methodologies that we follow.

**Eric Campos:** Yes, if I can add something? We will report on the non-financial performance report –

**Clotilde L'Angevin:** Yes.

**Eric Campos:** – on a yearly basis and it will be certified.

**Clotilde L'Angevin:** Yes, in the Universal Registration Document and the Extra-Financial Performance Declaration every year. Look at it. It is 80 pages. It is great.

Another question, also from Sustainalytics. 'How does Crédit Agricole consider the social perspective while working on its climate strategy to ensure a just transition?'

**Eric Campos:** I think that we have proved some examples such as the ones I mentioned on the rural area for electrification of car. Regarding the houses, we will have an approach. It will be very inclusive. Of course, it is part of the game. When we talked about transition, we do not have to be too harsh on the transition. It is very progressive.

For instance, we have a lot of action, I would say, on the specific zone of France, for instance, when we issue social bond, we cover specific areas which have been identified because they are above the unemployment rate of France. We have specific action in order to try to be as equal as we can, in terms of offer, in terms of services, and the affordability of the product of Crédit Agricole. When Philippe Brassac talked about universality, to be natively universal means that for all the services that we offer, we try to cover all these – affordability, from the client perspective. It is native in the business of Crédit Agricole.

**Clotilde L'Angevin:** Maybe one last question regarding nuclear energy. 'Is it considered transitional energy or green energy for you? Can you maybe give a few words on what your policy is for investment in nuclear energy?'

**Jérôme Grivet:** I think Philippe Brassac addressed this issue in his initial presentation because he stated that we were the first bank to publicly claim that we had granted a very significant financing to EDF in order to help the "grand carénage", which is the renovation of the nuclear plants in France.

Clearly, we consider and we are not the only one. It is part of the taxonomy alignment. We consider that nuclear is an energy, which is not renewable, strictly speaking, but it is absolutely green and not emitting any CO<sub>2</sub>. It is definitely an energy that is very important in the new mix that is going to take place, going forward. Clearly, no doubt about that.

**Eric Campos:** It was the last question?

**Clotilde L'Angevin:** Yes.

**Eric Campos:** It is excellent as well as –

**Clotilde L'Angevin:** It is the last question.

**Eric Campos:** – the last question because what does it mean net zero 2050? We have to have a look on the hypothesis of the 2050 scenario. The 2050 scenario, which is the scenario we follow, the nuclear is part of the green game.

We do have two energies increasing with a huge pace of increase. It is renewable energy. I encourage you to have a look on that. The slightly increased up to 16%, if I may, if I remember well, is the nuclear energy. Nuclear energy is part of the green game.

Regarding the gas, the gas is the fossil energy, but the usage of the gas could be considered as a taxonomy as a transition power.

**Clotilde L'Angevin:** Thank you.

**Jérôme Grivet:** This was the last question and that is the last answer. Thanks to every one of you for participating to this workshop. I think we are going to talk again about these issues, going forward. Thanks a lot.

**Eric Campos:** Thank you.

**Clotilde L'Angevin:** Thank you, Jérôme.

[END OF TRANSCRIPT]