

## PRESENTATION OF THE CSR SECTOR POLICY

# Coal-fired power plants

Preamble: this summary presentation of the sector policy is not intended to replace the official text of the Policy as presented on CACIB website:

[CSR Sector Policy – Coal-fired power plants](#)

### SCOPE OF THE POLICY:

The present policy applies to all forms of involvement of the Bank in the coal-fired power plants sector, which covers the operation of power plants that are fully or partially coal-fired.

### ISSUES:

Coal plays a significant role as a global source of energy, in particular for electricity generation.

Coal-fired power plants account for a significant share of greenhouse gas (GHG) emissions related to human activity. Based on the works by the Intergovernmental Panel on Climate Change (IPCC), the United Nations Framework Convention on Climate Change (UNFCCC) asserted the necessity of progressing on a global scale towards a less carbon economy to fight global warming, and in particular to facilitate the transition towards a globally much less GHG-intensive generation of electricity.

The 2015 Paris agreement on climate change has formalized a joint commitment that leads to reconsider, on the basis of existing technologies, the role of coal worldwide. In the short term, the number of greenfield coal-fired plants shall be reduced as much as possible and emissions by brownfield units shall be lowered as significantly as possible.

In a longer term, the International Energy Agency (IEA) considers that Carbon Capture and Storage (CCS) technologies will be needed for meeting the objectives set by the UNFCCC.

### REFERENCE FRAME:

In this sector, funding and investments are analyzed considering the identified issues and the works and standards resulting from the main conventions and initiatives of the sector (including the Intergovernmental Panel on Climate Change, the United Nations Framework Convention on Climate Change, and the protocols elaborated within this framework (in particular the Kyoto protocol and the 2015 Paris agreement on climate change) or the International Energy Agency).

### BANK'S STATEMENT:

The Bank will not finance any new coal-fired power plant or their extensions in any country.

Units partially burning biomass when the proportion of the biomass in the overall supply of the unit is sufficient to lead to a significant reduction in the carbon footprint, units using operational CCS or any other system intended to significantly reduce the emission of CO<sub>2</sub> in the residual atmosphere, or when other possible alternatives result in a less favorable GHG footprint may however be accepted.

For plants being already in operation, the Bank will be watchful that its involvement does not expand the life of these plants. The Bank may however finance investments intended to capture CO2 on existing units, in order to facilitate energy transition.

### **CASE OF CLIENTS ACTIVE IN THIS SECTOR:**

When the transaction is not directed linked to a project but the client has a significant activity in this sector, the Bank expects the client to develop a policy consistent with the national emission reduction targets in countries where they operate. This would generally imply developing action plans seeking to reduce emissions from existing units and, for clients relying heavily on coal, a diversification plan towards lower-carbon energy sources. The Bank may, if appropriate, limit its interventions to particular transactions (financings dedicated to specific investments for example).

Transactions that present uncertainty with respect to compliance with the Policy shall be referred to the CERES committee (ad hoc Evaluation Committee for transactions involving an Environmental or Social Risk) for recommendation, before a final arbitration by the General management of Crédit Agricole CIB.

This Policy falls within the implementation of the CSR Policy of “Crédit Agricole CIB, a useful and responsible Corporate and Investment Bank”.