

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).



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BANK'S STATEMENT:

The Bank will not participate in dedicated financing for the development of any new coal-fired power plants or their expansions, regardless of the country.

For coal-fired power plants already in operation, the Bank will not participate in any dedicated refinancing and 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.

Lastly, subject to the exclusions indicated above, only involvement related to power plants meeting the following requirements would be considered:

- Strict compliance with the national regulatory framework and with all international treaties and regulations to which the host country has committed and is bound,
- For plants not located in a High-Income OECD country, compliance with the IFC Performance Standards (or with equivalent standards for cofinancing with a bilateral or multilateral institution) and the IFC Environment, Health, and Safety Guidelines,
- Absence of critical impact on a protected area or on wetlands of international importance covered by the Ramsar Convention,
- Activities located outside a UNESCO World Heritage site or a site meeting the criteria for designation by the Alliance for Zero Extinction (AZE).

CASE OF CLIENTS ACTIVE IN THIS SECTOR:

When the transaction is not directly 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 principles set out above and with Credit Agricole's climate strategy (in particular the definition of a transition path compatible with climate issues, communication of a thermal coal phase out plan).

Furthermore, due to the incompatibility of global climate objectives and the continued development of the thermal coal industry, the Bank will not enter into relationship with companies increasing or planning to increase their thermal coal capacities. For clients in the portfolio as of the date of publication of the policy, a transitional process is in place to allow time for adjustment.

Transactions that present uncertainty with respect to compliance with the Policy will be reviewed according to the decision-making processes in place within the Bank and, in the event of a Group impact, referred to the Crédit Agricole Group's Operational Steering Committee for an opinion.

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

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