CRÉDIT AGRICOLE
CORPORATE & INVESTMENT BANK

SECTOR POLICY – POWER
July 2026

1. Scope

The present policy (the Policy) defines the involvement criteria applicable to financing and investment activities, and more broadly involvements of the Bank (including advisory and intermediation services) relating the power sector.

The **power sector** covers, for the purposes of this policy:

- the construction, extension and operation of power plants with all primary energy sources (non-exhaustive list): wind turbines, photovoltaics (including agrivoltaics), hydroelectric, biomass, hydrogen, gas, fuel oil, geothermal etc. Nuclear power plants are excluded: given their specificities, nuclear power plants are the subject of a separate policy;
- Storage in support of the proper functioning of the electricity network, or the consumption of electricity by residential or non-residential users;
- Electricity transmission and distribution networks.

The Bank's dedicated financing services related to the development, construction, or expansion of an asset (power plant, storage capacity, transmission or distribution network) are covered by sections 4, 5 and 6 of the Policy.

Other forms of involvement pertaining to power generation companies whose activities are related to power generation, distribution, storage, supply and transport are covered by section 7 of the Policy.

The Policy applies from the date it is published. Are excluded commitments already made or business transactions which are already at an advanced stage of negotiation.

This CSR sector policy "Power" is aligned with Crédit Agricole S.A. Group CSR sector policies "Power" and "Thermal Coal", where is specified the application of CACIB and will be updated from time to time. The policy formalizes the operational implementation of these Group policies, incorporating the specificities of Crédit Agricole CIB's activities and business lines.

The Policy will be updated periodically.

2. Sector issues and objectives of the Policy

Global power generation is growing rapidly and must play an important role in the decarbonisation of the economy, in combination with improving the energy efficiency of industrial processes and energy sobriety.

On the basis of the Group's work with the Intergovernmental Panel on Climate Change (IPCC), the United Nations Framework Convention on Climate Change (UNFCCC) asserted the need to progress on a global scale towards a less carbon-dependent economy to fight global warming and, in particular, to facilitate the transition towards power generation resulting in lower GHG emissions globally. The 2015 Paris Agreement on climate change formalized this commitment.

Increasing low-carbon power generation is needed to:

- Meet the growing demand related to electrification of carbon-based activities (transport, heating, …),
- Reduce the dependency to imported energies to enhance power security.

In this respect, however, it should be noted that gas, which emits less carbon than most other fossil fuels, has a role as a fuel for the transition from coal to renewable energy sources. In addition, gas-fired electricity generation may still be needed in addition to variable wind and solar energy.

If coal, currently, is the first global resource of power generation with a share around 35%[1] due in particular to the importance and geographical distribution of its reserves, as well as the associated lower costs of power generation, its place is, particularly questioned, given the available technologies. It appears necessary for the number of coal-fired power plants to be reduced as much as possible and the emissions of existing power plants to be limited as much as possible. In the longer term, the International Energy Agency (IEA) considers that carbon capture and storage (CCS) technologies will be needed to meet the UNFCCC objectives.

Wind and solar farms and hydroelectric are generally economical, although intermittent, sources of renewable and low carbon source of energy. In addition, hydroelectric dams can contribute to the management of water resources by avoiding periods of flood and drought.

Some hydroelectric plants which require large associated reservoirs in natural habitats can however produce significant negative impacts in terms of biodiversity (impacts on critical ecosystems) or in terms of human rights (physical or economic displacements of people). The same can be true for wind or solar farms.

This Policy supplements the energy policies of States and the investment policies of the Bank's clients and is not intended to replace them. It aims to specify the Bank's CSR[2] criteria in the power generation, storage, transport and distribution sector and the Bank's conditions of involvement based on the identified societal issues. It supplements the implementation of the Equator Principles within their scope of application.

3. Reference frame

The financing and investments in this sector will be analysed considering the identified issues and, in particular, the work and standards resulting from the following conventions, initiatives, or institutions (non-exhaustive list):

- The Intergovernmental Panel on Climate Change (IPCC);
- The United Nations Framework Convention on Climate Change (UNFCCC) and the related protocols and the 2015 Paris Agreement on climate change,
- The International Energy Agency (IEA);
- The Mainstreaming Climate Action within Financial Institutions initiative;
- The standards of the World Bank group and in particular of the International Finance Corporation (IFC) Performance Standards and Environmental, Health, and Safety Guidelines;
- The World Commission on Dams;
- The International Hydropower Association (IHA).

4. Analysis criteria

The Bank will analyse every transaction linked to the construction or expansion of an asset (power plant, storage capacity, transmission or distribution network) according to the following criteria:

- Management of the construction phase (discharge of pollutants, soil erosion, influx of migrant workers, working conditions);
- Safety of the facilities (geological studies, seismic risk survey, quality of materials, experience of constructors);
- Consultation of affected populations and, if necessary, consent from indigenous peoples;
- Setting up of a grievance mechanism at the project level;
- Inter States consultation in the event of cross-borders impacts;
- Quality and credibility of the management plans,

[1] International Energy Agency (2020 data).
[2] Corporate and Social Responsibility.

and the following criteria for hydraulic dams with reservoir:

- existence of a national or regional strategic plan for managing the watershed (allowing in particular the knowledge and the management of the impacts by the authorities, with, if necessary, a comparative assessment of potential projects);
- assessment of impacts due to the creation of a reservoir and the modification of the river flow regime upstream and downstream (potential impacts to biodiversity and cultural heritage, potential physical or economic displacement of people, change in the livelihood of affected upstream and downstream population, quality of water and consequences for health, greenhouse gas (GHG) emissions due to the flooding of vegetation and the inflow of carbon-rich materials from the watershed[3]).

The quality of the assessment and management of those impacts identified will be measured against the IFC Performance Standards as well as the recommendations by the World Commission on Dams[4] for hydroelectric facilities.

In accordance with these standards and in particular the Performance Standard 1 of the IFC, clients are expected to establish and maintain an Environmental and Social Management System (an "ESMS") appropriate to the nature and scale of the project and commensurate with the level of its environmental and social risks and impacts. This ESMS implies an adequate monitoring and assessment of impacts and mitigation measures over time.

The IHA Hydropower Sustainability Assessment Protocol (HSAP) may be used as a tool for assessing Hydropower facilities projects.

Concerning existing assets, the various analysis criteria above will be used *a posteriori* (impacts observed on ecosystems, management of potential displacement of population, safety of the hydropower facilities…). It will result into an overall positive or negative assessment of the project with respect to its social and environmental impacts.

5. Exclusion criteria

The Bank will not participate in transactions related to an asset (power plant, storage capacity, transmission or distribution network) under construction, extension or existing which would have one of the following characteristics:

- coal-fired power plants. However, the Bank may finance investments intended for carbon capture on existing facilities in order to facilitate energy transition or which would have an overall carbon footprint comparable to renewable energies;
- critical impact on a protected area or on wetlands of international importance covered by the Ramsar Convention;
- location in or critical impact on a site corresponding to the criteria of the Alliance for Zero Extinction (AZE);
- location in a site listed as a World Heritage Site according to the UNESCO classification.

as well as, for hydropower facilities with an associated reservoir:

- evidence of an excessive level of the environmental and social impacts of the project towards its economic advantages on the basis of the studies requested by the Bank;

[3] Aspects useful for the understanding of the phenomenon and for measuring emissions can be found in the following report: GHG Measurement Guidelines for Freshwater Reservoirs, UNESCO / IHA 2010. The principles and quantitative measuring techniques for those emissions being still improved, the Bank may adopt a qualitative approach based in particular on the energy density (ratio of the installed capacity by the surface of the reservoir). It is advisable to be particularly watchful when the energy density is below 4 MW/km² and the quantity of flooded biomass is significant. Also, an estimate may be needed when the size of the reservoir exceeds 1000 ha in order to comply with the IFC Performance Standards.

[4] There are 7 recommendations relating to:

1. Gaining Public Acceptance;
2. Comprehensive Options Assessment;
3. Addressing Existing Dams;
4. Sustaining Rivers and Livelihoods;
5. Recognising Entitlements and Sharing Benefits;
6. Ensuring Compliance;
7. Sharing Rivers for Peace, Development and Security.

- evidence that GHG emissions from the reservoir exceed, on an annual average, those of a coal-fired power plant of the same capacity.

or where a material risk of non-compliance has been identified and the Bank has not, in its assessment, received a satisfactory response with respect to:

- the IFC Performance Standards (or similar standards when an export credit agency or a multilateral institution is involved in the financing) or the IFC[5] Environment, Health and Safety Guidelines, in particular with respect to:
  - establishing an ESMS;
  - protection of the fundamental rights of the workers;
  - forced displacement of population;
  - compensation of impacts on communities;
  - biodiversity conservation;
  - impact on critical natural habitats;
  - consent from Indigenous People;
  - protection of cultural heritage
- the Recommendations of the World Commission on Dams[6] (for hydropower facilities with an associated reservoir);
- public consultation or, when necessary, consent from affected indigenous people;
- inter States consultation in the event of major cross-borders impacts.

6. Implementation when the Bank's intervention is linked to a specific asset

Where the transaction is directly linked to an asset (power plant, storage capacity, transmission or distribution network) the project will be assessed against all the analysis criteria above and the Bank will seek to determine if an exclusion criterion is identified.

If an exclusion situation is identified or if the outcome of the general assessment is negative, the Bank will not participate in the transaction. Any potential exceptional situation will be handled in accordance with section 8 below.

Compliance with the environmental and social management plans and conditions will be monitored as part of the annual review process of the operations.

Where the transaction is an advisory mandate, the Bank will seek to promote the principles included in this Policy. The Bank will not enter into an advisory mandate when aware at the date of the mandate that the envisaged project definitely exhibits an exclusion criterion. When considering financing a project for which the Bank has acted as financial advisor, it shall only do so in compliance with the present Policy, including in respect of the exclusion criteria.

7. Implementation when the bank's intervention is not linked to a specific asset

Some transactions are not directly linked to a specific asset but nonetheless fall within the scope of implementation of the Policy. It is in particular the case for financial assistance to companies significantly active in operating power plants, power storage, transmission or distribution. On the occasion of the annual review of the relationship, the clients will be sensitised to the issues of the Policy and the Bank will request information relating to their own policy (written or de facto).

The client policy will be assessed towards the principles of the Bank Policy, by considering the most recent evolutions and the possible plans for improvement. The bank will also assess whether the client has established an ESMS, and is publicly reporting on these aspects (website, annual report,…).

[5] Compliance with these Standards and Guidelines is, in theory assumed in High Income OECD countries except for performance Standard 7 (Indigenous Peoples). Nevertheless, the entity is required to assess the inherent risks in order to determine whether one or more of the IFC Performance Standards could serve as a basis, in addition to the host country's laws, for addressing these risks.
[6] International Commission on Large Dams

The Bank expects its clients who are significantly active in the operation of fossil fuel power plants to redefine their role within a transition pathway aligned with climate objectives. This may be reflected, for example in action plans aimed at reducing emissions from existing plants, in a gradual diversification programme towards lower-carbon energy sources, or in the repositioning of their assets in a "peaker' or 'back-up servicer' role.

The rules specific to thermal coal power plants are described in the appendix “Crédit Agricole CIB CSR sector policies metals and mining, power generation and transport infrastructures – thermal coal”.

For clients significantly active in the exploration of hydropower facilities with an associated reservoir the Bank will assess whether the HSAP protocol is being used (tool for operating hydroelectric power plants). A particular attention will be given to potential exclusion criteria in relation to future projects.
In the case of a significant difference between the Bank's expectations and the client's policy, the recommendation of the CERES[7] committee will be required.

The decision to enter into relation with a new client falling under the scope of the Policy will only be taken after a detailed analysis of the activities of the client with regard to the policy. This analysis shall confirm, if needed at a CERES committee level, that the client practices comply with the principles of the Bank Policy.

8. Exceptional circumstances

Transactions that present uncertainty with respect to compliance with the Policy shall be referred to the CERES committee for recommendation. If the committee considers that the transaction does not conform to the Policy, such transaction will be subject to a final arbitration by the General management of Crédit Agricole CIB.

9. References and glossary

Recommendations by the World Commissions on Dams: recommendations of the report Dams and Development – A new framework for decision-making, World Commission on Dams, November 2000:
https://www.ern.org/wp-content/uploads/sites/52/2016/12/2000_world_commission_on_dams_final_report.pdf

Hydropower Sustainability Assessment Protocol (HSAP) developed by the International Hydropower Association (IHA):
https://www.hydrosustainability.org/assessment-protocol

IFC Performance Standards and Environmental, Health, and Safety Guidelines:
https://www.ifc.org/wps/wcm/connect/Topics_Ext_Content/IFC_External_Corporate_Site/Sustainability-At-IFC/Policies-Standards/Performance-Standards
and
Environmental, Health, and Safety Guidelines
https://www.ifc.org/en/insights-reports/general-environmental-health-and-safety-guidelines

Wetlands of international importance covered by the Ramsar Convention:
https://rsis.ramsar.org/?pagetab=1

UNESCO World Heritage sites:
http://whc.unesco.org/en/list/

Global map of Alliance for Zero Extinction sites
Global AZE map | Alliance for Zero Extinction

High Income countries
http://data.worldbank.org/about/country-classifications/country-and-lending-groups

[7] Evaluation Committee for transactions and clients involving an Environmental or a Social Risk.

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Appendix – Crédit Agricole CIB CSR sector policies metals and mining, power generation and transport infrastructures

- thermal coal - April 2023

The purpose of this appendix is to summarize the key elements related to thermal coal with regard to the following sector policies:

- Metals and mining ;
- Transport infrastructures ;
- Power generation.

This appendix is consistent with the Crédit Agricole Group's thermal coal policy. This appendix sets out in a formal manner the procedures for operational implementation of the Group thermal coal policy, integrating the relevant specificities of the activities and businesses of Crédit Agricole CIB.

1. Scope

This appendix applies to all financing and investment activities and more generally to all Crédit Agricole CIB involvements relating to thermal coal and to all customers active in thermal coal and/or holding assets related to thermal Coal.

2. Context

The 2015 Paris Agreement on climate change formalized a commitment which reconsiders, on the basis of existing technologies, the role of coal worldwide. In the short term, it appears necessary for the number of coal-fired power plants to be reduced as much as possible and the emissions of existing power plants to be limited as much as possible.

In the longer term, the International Energy Agency (IEA) considers that carbon capture and storage (CCS) technologies will be needed to meet the UNFCCC objectives.

The commitments made by the Crédit Agricole Group on thermal coal, in particular within the framework of its climate strategy published in June 2019, materializes its desire to adopt a compatible trajectory with climate aspects and to support its customers to develop a climate-friendly transition path.

The Bank expects its clients to develop good practices and behavior that limit their environmental and social impacts. In this perspective, the Bank's approach consists in defining its level of commitment to customer relationship according to its intentions to define and follow a climate-friendly transition path.

3. Key elements of Crédit Agricole CIB's thermal coal policy

All *terms in Italic* are defined either in this section or in the following section.

a) Exit from thermal coal

In accordance with the Group commitment made in 2019, Crédit Agricole CIB commits to reduce its *Exposure* to zero with regard to *Entities* with *Thermal Coal Assets*[8]*:*

- in 2030 for European Union or OECD countries **and**
- in 2040 for the rest of the world,

and will publish the thermal coal *Exposure* on a yearly basis. Any comparable commitment is referred to as "*2030/2040 Coal Exit Calendar*".

In order to promote transparency on our involvement in this sector, Crédit Agricole CIB commits to ask its customers exposed to thermal coal to make public the financing in which the bank is involved. This is an obligation of means, and not of results.

[8] According to location of assets for coal-fired power plants and transport infrastructure and according to the country of coal consumption for mining.

b) *Exclusions*

Any *Financial Service* is excluded for an *Entity*:

- Developing new *Thermal Coal Assets* **or**
- With more than 25% of the turnover linked to thermal coal and that does not have a *Credible and Public Transition Plan* including a public *2030/2040 Coal Exit Calendar*, **or**
- With less than 25% of turnover linked to thermal coal and which has no *Credible Transition Plan*.

the Bank will not develop a relationship with companies presenting one or more cases of exclusion as defined above.

In the event of a significant divergence between the policies of the client and the Bank, the Bank will assess the client's strategy in more detail and the recommendation of the CERES[9] committee will be required.

c) *Dialogue*

Crédit Agricole CIB will communicate its climate strategy and its commitments related to thermal coal to its customers. The Bank will present to its clients its services to support them in the transition, in particular in terms of financing and advice on decarbonized assets. The Bank will encourage all its customers exposed to thermal coal to adopt a *Public and Credible Transition Plan*, including a *2030-2040 Coal Exit Calendar*. Those aspects will be the subject of at least one annual meeting with the client.

4. Definitions

a) *Thermal Coal Assets*

Thermal Coal Assets include :

- thermal coal power plants,
- thermal coal mines and
- transport infrastructures dedicated to thermal coal, i.e., more than 90% of the mass transported is thermal coal.

b) *Transition Plan*

For each *Entity*, a *Transition Plan* (or equivalent approach) should include:

- a baseline climate scenario, ideally close to or comparable to the Net Zero 2050 scenario, and a decarbonization trajectory in line with this baseline scenario, including quantitative decarbonization targets within 10 years,
- a carbon energy divestment strategy, including a *2030-2040 Coal Exit calendar*, preferably relying on the closure of *Thermal Coal Assets* rather than their sale, and a decarbonization investment strategy (carbon-free energy production, storage and distribution, carbon capture, etc.),
- a governance, managerial will and consistent means to achieve these objectives.

The analysis of the *Transition Plan* (or equivalent approach) will be based (without concern for comprehensiveness) on any document and information from the company, in particular on the ESG and/or annual reports, the presentation of public commitments, the business plans and the company's strategy, strategic information communicated by a company senior executive, on the actions already undertaken (for example: history of closures of assets related to thermal coal), among others.

Depending on the elements available, potentially including non-public information collected directly from its customers, Crédit Agricole CIB will assess whether a *Transition Plan* is Credible. Crédit Agricole CIB establishes its opinion on the Credibility of a *Transition Plan* (or equivalent approach) on the basis of an overall assessment,

[9] Evaluation Committee for transactions involving an environmental or social risk.

and therefore not necessarily exhaustive with regard to the elements described above, according to the specific context of each *Entity*.

If all the elements necessary for the analysis of this *Transition Plan* are available in public documents, the *Transition Plan* will be deemed *Public and Credible*.

c) *Development*

Any *Entity* will be considered as a *developer* if it has projects for the construction of new thermal coal-fired power plants, of transport infrastructures or thermal coal mines, or if it plans to increase its mining capacities for the production of thermal coal. An *entity* would not be considered as developer in the event of the acquisition of a *thermal coal asset* that it undertakes to close according to a *2030/2040 Coal Exit Calendar*. The conversion or installation of carbon capture on an existing plant is not considered a development.

Only assets corresponding to a capacity of more than 300MW are considered.

When data is available and reliable, own-account developments are taken into account (eg, a steelmaker owning a mine and using thermal coal).

d) *Entity* and *segregation*

An *Entity* is a counterparty considered autonomous for its financing. Within the same group, subsidiaries may be considered as separate (or "*segregated*") *Entities*, in the event of *segregation* defined by compliance with one of the following criteria:

- subsidiary dedicated to a project or activity, with no financial link with the parent company other than the disbursement of equity, dividends collection and standard project guarantees **or**
- independent subsidiary in its financing (i.e., not benefiting from a guarantee from another *Entity* of the same group, benefiting from its own rating and raising its own financing) **or**
- minority subsidiary, i.e. subsidiary held directly or indirectly at less than 50%.

Depending on the legal and financial organization of its financing, a conglomerate may thus be considered as a single *Entity*, or as several *Entities*.

As a world leader in asset financing, Crédit Agricole CIB has the ability to trace the use of its funds, in particular when the bank finances projects or dedicated companies. By financing the development of low-carbon assets for clients potentially exposed to coal, Crédit Agricole CIB is actively contributing to the decarbonisation of the economy.

The notion of *segregated entity* thus enables Crédit Agricole CIB to finance low-carbon *entities* developed by players with coal exposure, provided that those *entities* are *segregated*, or to finance *entities* unrelated to thermal coal within groups having potentially an interest in a *segregated entity* subject to exclusions.

e) *Exposure*

Crédit Agricole CIB's *Exposure* to thermal coal is the sum of the *Exposures* on all the Financed *Entities* for which part of the turnover is linked to the sale of thermal coal, the transport of thermal coal or the sale of electricity produced from thermal coal.

The *Exposure* to thermal coal is calculated in EAD (Exposure At Default), based on financing dedicated and non-dedicated to coal, compared to the share of thermal coal in the turnover of each customer. In the absence of revenue data for the thermal coal business only, the revenue for the coal business as a whole is used (thermal and metallurgical). This calculation is made using customer data and data purchased from external suppliers, using the latest available data as a priority (the most recent data). Customers whose share of thermal coal represents strictly less than 1% of their turnover are not taken into account in the calculation of CACIB's coal *exposure*.

f) Financial Service

A *Financial Service* is considered to be rendered to an *Entity* when the *Entity* is the legal counterparty of Crédit Agricole CIB. By extension, all financial services are included in this definition, in particular (without concern for exhaustiveness) corporate financing operations, export financing, guarantees, deposits and market operations (including equities, bonds, etc.), among others.

In the case of an excluded *Entity* under this appendix, Crédit Agricole CIB reserves the right to position itself on an advisory mandate relating to energy transition.