Runway East
2 Whitechapel Road
London
E1 1EW
UK

Philippe Brassac
Crédit Agricole
12 Place Des États Unis
92127
Montrouge Cedex
France

11 December 2024

Dear Mr. Brassac,

I am writing to you following the launch of ShareAction's latest report on banks' target-setting '**Mind the strategy gap: how disjointed climate targets are setting banks up to miss net-zero. An assessment of the decarbonisation and sustainable finance targets set by Europe's largest banks**'. We are extremely grateful for your sustainability team's contribution to our report and for all the positive engagement we have had with Crédit Agricole this year, notably the meeting with your sustainability team and investors in September of this year.

We are approaching 2025, the five-year countdown to 2030 – a key milestone banks are working towards in their net-zero trajectories. Climate disaster continues to worsen at an alarming rate. Scientists from the World Weather Attribution (WWA) report that 2024 saw the deadliest swathe of extreme heat waves ever recorded, including in Europe, where in July alone there were at least 23 fatalities due to intolerable temperatures across Portugal, Spain, France, Italy and Morocco. Recent severe flooding in Valencia, Spain, has affected 74,400 people, resulting in an estimated death toll of over 200 people.

Banks play a critical role in averting unliveable climates by reducing their finance to fossil fuels and increasing finance to sustainable alternatives. There has never been a more important time for banks to ensure their net-zero strategies are underpinned by scientifically robust and complementary decarbonisation and sustainable finance targets, designed to have a real-world impact on the green transition of the global economy.

Our report shows that banks have made progress on setting an array of targets to reach net-zero by 2050. Positively, Europe's 20 largest publicly listed banks have all committed to net-zero by 2050, and most banks now report progress against their sectoral decarbonisation targets annually in relative and absolute terms. However, our report finds that banks' sustainable finance and decarbonisation targets are disconnected from each other, employing inconsistent designs, diverging accounting practices, and different timeframes. It is particularly concerning that so few sustainable finance targets are grounded in climate scenarios or the investment needs of specific sectors to transition. They lack both the scientific foundations and granularity that banks need to navigate complex transitions, overcome constraints on progress, and cultivate new opportunities for their services.

The incentive to artificially inflate targets rather than engage in the hard work of growing sustainable finance means the current generation of targets are unlikely to shift the necessary capital to meet their own net-zero goals, increasing the risk of a disorderly transition.

We are calling on banks to set targets which are ambitious, transparent and coherent. We are making five asks of Crédit Agricole:

1. **Set an overarching sustainable finance target to complement sectoral targets.** This should be grounded in a clear, robust methodology, and complemented by disclosure on how it has been quantified relative to the bank's decarbonisation commitments or credible scenarios, whilst acknowledging Crédit Agricole's historical responsibility. Crédit Agricole has set numerous sectoral targets but is currently in a minority of European banks which have not set an overarching sustainable finance target. It should develop one for the sake of transparency to give stakeholders a clearer view of the bank's overall direction and fairly benchmark Crédit Agricole's commitments against its peers.

2. **Outline a strategy for increasing finance to enabling infrastructure and early-stage technologies** – Crédit Agricole should be commended for setting a target for renewable energy grounded in a climate scenario consistent with its decarbonisation targets, and for setting the most sectoral sustainable finance targets compared to any other European bank. However, the bank must now ensure these targets have their desired impact by outlining a strategy for financing vital enabling infrastructure. Analysis shows that energy storage, along with grid infrastructure, should make up between 40 and 50 percent of sustainable investment into the power sector.

3. **Ensure its decarbonisation and sustainable finance targets are set in a consistent and comparable way by**:

    a. **Including the same products and services** – Crédit Agricole currently includes capital markets in some of its sustainable finance targets but not its decarbonisation targets. Whilst Crédit Agricole has announced it won't finance new oil and gas bonds, it should still account for the carbon emissions associated with facilitating capital to other high-carbon sectors.

    b. **Applying the same accounting principles** – Crédit Agricole should weight capital markets transactions at 100% across both decarbonisation and sustainable finance targets.

    c. **Using consistent time frames** – Crédit Agricole has set several of its targets across shorter time periods (ending in 2025), whilst others run until 2030.

4. **Demonstrate how these targets – now coherent and consistent – are leading to real-world impact** by disclosing:

    a. **How Crédit Agricole's emissions reductions are driven by clients' performance and changes in exposure, and how changes in exposure are driven by its sustainable finance** – Crédit Agricole is leading the way by setting more granular sustainable finance targets across multiple sectors but should now show the impact of these on its decarbonisation strategy.

    b. **The real-world impact of the bank's sustainable financing, starting with energy** – we commend Crédit Agricole for doing this for its energy target, and ask that the bank now also report on the impact of its financing of enabling technologies to support the green energy transition.

5. **Complement these targets with robust sector policies which consider human rights and environmental impacts** (such as financing exclusions for companies expanding oil and gas). In October 2020, Crédit Agricole provided $300 Million in finance to Total Energies controversial Mozambique LNG expansion project, for which human rights abuses and adverse environment impacts are well documented.

Banks should be doing a lot more than they are currently doing to finance the transition to a green and just economy. But, as our report recognises, the success of banks' targets also relies on external factors. Banks should transparently highlight which parts of their strategy critically depend on the actions of others and use their influence to ensure capital flows to sustainable activities at the scale and pace needed to avert the climate crisis. We encourage Crédit Agricole to set sector targets even in sectors facing regulatory challenges or other obstacles, and for the bank's leaders to highlight where and how these structural barriers could be alleviated in aid of more impactful sustainable financing. Importantly, target-setting is not a substitute for setting and adhering to robust sector policies, such as ending project and corporate finance for oil and gas companies with expansion plans.

We are committed to engaging with and supporting Crédit Agricole in the development of its policies and targets, and hope that our constructive dialogue will continue throughout 2025. As a next step, we expect you to take material action on your sustainable finance strategies by the end of 2025 by adhering to the asks above, or ShareAction and investors may consider taking escalatory action in 2026.

I ask that you respond to bankingteam@shareaction.org in writing by the **15th February 2025**. I truly wish you and your team a wonderful Christmas break and look forward to building on our valuable relationship in the new year.

Warm regards,

Jeanne Martin

Head of Banking Programme

ShareAction