

Launch of two LCL Carbon offsetting funds within the 'Climate Impact' range



Crédit Agricole Group subsidiary LCL launched two investment vehicles, namely LCL Carbon Offsetting World Shares and LCL Carbon Offsetting Multi-strategy in March 2020, and secured the ISR France label (socially-responsible investment) for both in May 2021. They are designed to offer investment solutions that firstly reduce their carbon footprint, and offset the footprint that cannot be eliminated.

Project start date	Launch March 2020
Project location Locations of project implementation at this stage and target geography if reproducible	France
Project objectives Type of the project's climate innovation with a reminder of the problem/challenge addressed	The main aim of LCL Carbon Offsetting funds is to reduce the volume of greenhouse gas emissions in their investments and offset their residual carbon footprints.
Detailed description of the project	<p>Two funds were created to meet different investment objectives through their investment strategies (share asset classes or diversified), with one world shares fund and one multi-strategy fund:</p> <ul style="list-style-type: none"> - LCL Carbon Offsetting World Shares (<i>LCL Compensation Carbone Actions Monde</i>) - LCL Carbon Offsetting Multi-strategy (<i>LCL Compensation Carbone Multi-Stratégie</i>) <p>A feature of these funds is that they follow a two-stage approach to sustainability relative to carbon footprints:</p> <ul style="list-style-type: none"> ▪ Stage 1: Reducing the portfolio's carbon footprint <p>To select those companies best placed to address climate change, the Carbon Offsetting Funds' management teams use data from the Carbon Disclosure Project (CDP), the responsible investment methodology designed by CPR Asset Management (an Amundi subsidiary), and the Reprisk, Sustainalytics and MSCI ethical filters.</p> <p>The investment universe comprises businesses that are most committed to an energy and environmental transition process, regardless of their industry. LCL believes that all economic stakeholders must act to reduce their greenhouse gas emissions and switch their energy mix to move towards decarbonisation of energy use.</p> <p>Businesses need to demonstrate sound climate risk management to join this investment universe. The CDP allocates a grading between A and D (where A is for businesses demonstrating the best practices). The investment universe includes A and B grades.</p> <p>Businesses with the poorest Environment, Social and Governance (ESG) stances and those involved in the most serious controversies are excluded.</p>



These funds are actively managed in a universe with a reduced climate risk profile, the **target being to reduce the funds' carbon footprint by 20% to 30% in comparison with its investment universe.**

▪ **Stage 2: Offsetting the portfolio's carbon footprint**

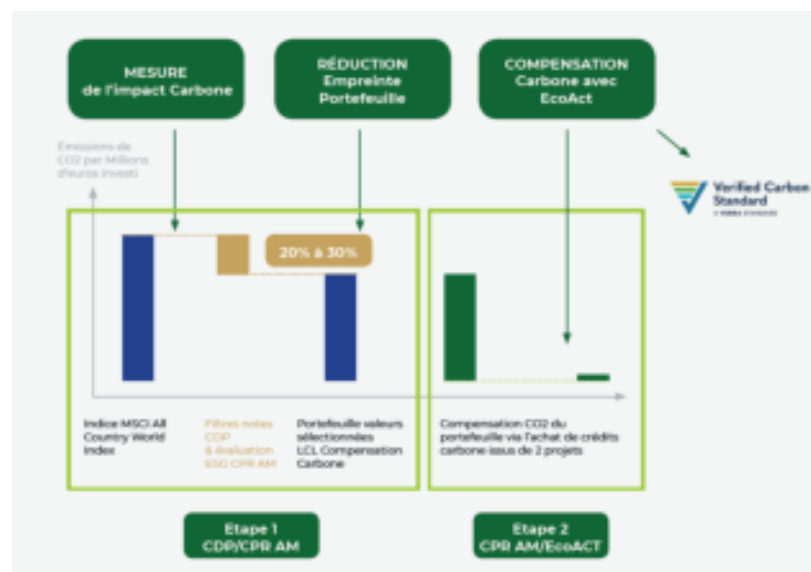
All human activities generate the greenhouse gases responsible for climate change. The LCL Carbon Offsetting funds finance businesses committed to reducing their climate impact and offset their **residual greenhouse gas emissions** by acquiring carbon credits from two projects, namely **Marajo** and **Cardamom**.


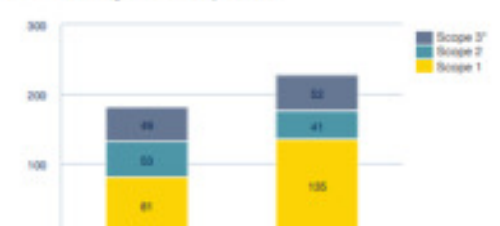
The Marajo Forest project is located in the Amazon river delta, in the eastern part of the Amazon rainforest. As logging and transporting timber on the river are the two main sources of income for local communities and one of the principal causes of deforestation in the region, this project is helping combat Amazon deforestation by offering new economic activities to local populations (subsistence farming, creating nurseries to restore damaged areas of forest, and growing cupuaçu).

The Cardamom project is located in Cambodia, in the mountain range on the border with Thailand. The region has the second largest virgin tropical forest in south-east Asia, and is experiencing considerable pressure from illegal logging and poaching. This offsetting project is focused on the south of the region, and aims to preserve biodiversity and protect the habitat of many indigenous species.

Both projects have the **VCS** (Verified Carbon Standard) label, one of the strictest carbon offsetting certification labels recognised worldwide.

Each year, after calculating the fund's carbon footprint, **EcoAct** offsets the volume of CO₂ emissions emitted by the fund. As proof of the transfer of title in the carbon credits, **EcoAct** provides a carbon credits transfer certificate and an offset certificate, as evidence of, and attesting to, the carbon offsetting.



Main project's drivers for reducing the greenhouse gas emissions	Reduction levers		Details on the associated aspects of the project
	<input checked="" type="checkbox"/> Energy and resource-savings (behaviour in particular)		
	<input type="checkbox"/> Decarbonisation of energy		
	<input checked="" type="checkbox"/> Improved energy efficiency		
	<input type="checkbox"/> Improved non-energy resource efficiency		
	<input type="checkbox"/> Emission absorption: creation of carbon wells, negative emissions (BECCS, CCU/S, etc.)		Offsetting of residual emission through the purchase of carbon credits
	<input type="checkbox"/> Financing of low carbon emitters or divestment of carbon-based assets		Investment in low-carbon companies (CDP filters on A and B ratings + SBT + Amundi ESG) + Coal stocks & shares excluded
<input type="checkbox"/> Reduction of other greenhouse gases			
Scope(s) of emissions on which the project has a significant impact and quantification of reductions in GHG emissions by scope of emissions			Quantification of associated GHG emissions by emission category
			Please respect the quantification methodology used in the Atep note .
	Reduce the company's carbon dependency		
	Scope 1 Direct emissions generated by the company's activities.	Financing of low-carbon producers, or divestment from carbon-emitting assets	LCL Carbon Offsetting World Shares (LCL Compensation Carbone Actions Monde): 
	Scope 2 Indirect emissions associated with the electricity and heat used by the company.		
	Scope 3 Emissions generated before or after the company's place in the value chain by virtue of its activities, products and/or services.		
	LCL Carbon Offsetting Multi-strategy (LCL Compensation Carbone Multi-Stratégie): 		
	Increased carbon wells		
	Emissions absorption Creation of carbon sinks (BECCS, CCU/S, etc.)		
	GHG emissions avoided by the company at other sites		

	Avoided emissions <i>Emissions that are avoided through the activities, products and/or services of the project-owner company or by the financing of the emissions reduction project.</i>	Carbon offsetting: Cardamom / Marajo projects	<p>The Marajo project avoids more than 130 kt of CO₂ per annum.</p> <p>The Cardamom project avoids 3m tonnes of carbon emissions per annum.</p>
	Details on the calculation or other comments: <ul style="list-style-type: none">At month-end May 2021:<ul style="list-style-type: none">the carbon footprint of the LCL Carbon Offsetting Multi-strategy fund is 23% lower than that of its benchmark index, i.e. MSCI World Acwithe carbon footprint of the LCL Carbon Offsetting World Shares fund is 26% lower than that of its benchmark; although it has no formal benchmark index, its target is 50% MSCI World / 50% EGBI (world bonds) and is currently managed within a 10% volatility envelope to align with the SRRI of 4 (maximum 5)		
Method of verification of this quantification	Calculation reference system used (ADEME base, GHG protocol, etc.): Ratings from the Carbon Disclosure Project (CDP) and the Science Based Targets (SBT) initiative, ratings from ESG Analysts Amundi Asset Management and controversy filters (external data suppliers, i.e. Reprisk, Sustainalytics and MSCI).		
	Calculation verification (internal or external): Checked using CPR Asset Management in-house tools		
Other environmental and social benefits of the project	<p>This project mainly falls within the bounds of SDG 13 Urgent action to combat climate change.</p> <p>In addition, carbon offsetting projects also contribute to the following SDGs:</p> <ul style="list-style-type: none">- SDG 7 – Affordable and clean energy- SDG 8 – Decent work and economic growth- SDG 9 – Industry, Innovation and Infrastructure- SDG 12 – Responsible consumption and production- SDG 15 – Life on land		
Project maturity level	<div><input type="checkbox"/> Laboratory prototype test (TRL 7)</div> <div><input type="checkbox"/> Real test (TRL 7-8)</div> <div><input type="checkbox"/> Pre-commercial prototype (TRL 9)</div> <div><input type="checkbox"/> Small-scale implementation</div> <div><input checked="" type="checkbox"/> Medium or large-scale implementation</div> <p>Comments: The funds are currently commercially available to all LCL customers (retail, business and institutional banking) and as part of the LCL employees' savings scheme. They have obtained the ISR France label (for socially-responsible investment).</p>		
Potential and condition of reproducibility of the project with associated potential in terms of climate impact	<p>Financial investors have a role to play in preserving the planet. Awareness of these issues in asset management enables a responsible stance to be adopted. Investors are seeking companies that are committed to reducing their carbon footprint. The number of companies making such commitments is gradually increasing.</p> <p>The success of this range of funds is based on the rising general awareness (of governments, businesses and the public at large) of the need to contribute to climate neutrality.</p>		
Amount of the investment made (in €)	<p>Fund investment as at 30 May 2021:</p> <ul style="list-style-type: none">- LCL Carbon Offsetting World Shares (<i>LCL Compensation Carbone Actions Monde</i>): €220m- LCL Carbon Offsetting Multi-strategy (<i>LCL Compensation Carbone Multi-Stratégie</i>): €144m		
Economic return of the project (ROI)	<div><input type="checkbox"/> ST (0-3 yrs)</div> <div><input checked="" type="checkbox"/> MT (4-10 yrs)</div> <div><input type="checkbox"/> LT (> 10 yrs)</div> <p>Comments: Click or tap here to enter text.</p>		
Engaged partnerships	<p>A number of partnerships were formed through the launch of these two funds:</p> <ul style="list-style-type: none">CPR Asset Management – Company managing the LCL Carbon Off-Setting funds, an Amundi subsidiary.EcoAct - European leader in voluntary carbon offsetting, an Atos subsidiary.		
Free comments from the project promoter	<p>Offsetting a carbon footprint is not enough, if we do not first significantly reduce its size.</p> <p>We thought it vital to first set an objective of clearly reducing our portfolios' carbon footprint by 20-30% using CPR Asset Management, and then to join forces with a market leader in voluntary carbon offsetting, EcoAct, to finance projects certified as matching international standards.</p>		
To learn more about the project			
Contact the company promoting the project	Sylvie Vale, Marketing LCL Private Bank		

	sylvie.vale@lcl.fr
Project URL links	https://bcove.video/3yFliHz https://www.lcl.fr/banque-privee/agir-pour-le-climat
Illustrations of the project	<div data-bbox="429 315 892 636"> </div> <ul style="list-style-type: none"> Funds' carbon footprints <div data-bbox="411 757 1050 1160"> </div> <div data-bbox="1074 779 1452 929"> <ul style="list-style-type: none"> In red: carbon footprint of the LCL Carbon Offsetting World Shares benchmark In green: the fund's footprint The dotted lines show the objectives: -20% and -30%. </div> <div data-bbox="459 1285 1037 1581"> </div>