

The Caisse des Dépôts Group strengthens its policy on financing fossil fuels

Paris, 29 October 2020

The ecological transition is one of four priority areas of Caisse des Dépôts Group's recovery plan. In light of the current climate emergency and public health crisis, the Caisse des Dépôts Group is leveraging all the means at its disposal to help limit global warming to 1.5°C by the end of the century.

Thus, it is redoubling its climate commitments in the sectors that are key to the transition. At the Climate Finance Day, it announces the bolstering its policies on financing fossil fuels by adopting measures for oil and gas and strengthening its thermal coal policy.

1. Thermal coal: reinforced exclusion and engagement policy

Starting from 2021, the Group (CDC, Bpifrance, SFIL)¹ is excluding from its financing and investments the companies whose business activities rely on thermal coal, by applying an annual production threshold of 10 Mt of thermal coal for mining companies and 10 Gw in annual coal-fired electricity production for power generation companies. Companies in these sectors which add more than 300 Mw in new coal-powered capacity will also be excluded. The Group will continue to exclude from its investments and financing companies whose turnover has more than 10% exposure to thermal coal.

Furthermore, the Group (CDC, Bpifrance, LBP) continues to strongly encourage all the companies in which it is a shareholder that have residual exposure to thermal coal to aim to lower their coal-fired electricity production to nil before 2030 in the OECD and, now, before 2040 in the rest of the world.

2. Gas and petroleum: heightened selectivity

The Caisse des Dépôts Group is implementing a policy to exclude non-conventional hydrocarbons² (CDC, Bpifrance, SFIL)³. It will not invest in and will not finance companies whose exposure to shale oil and gas, bituminous sands and resources extracted from the Arctic amounts to more than 10% of their turnover, nor any project devoted to non-conventional energy.

The Group (CDC, Bpifrance, SFIL) will not finance any new greenfield projects to develop petroleum infrastructure.

Beyond these systematic exclusions, when taking investment and financing decisions, the Group's entities further pledge to analyse the energy trajectories of companies and projects to determine whether they converge with scenarios that make it possible to limit global warming to 1.5°, as well as their exposure to transition risk. Based on these considerations, Group's entities will raise or lower their assessment of a company, potentially culminating in the exclusion of certain assets from their portfolio.

¹La Banque Postale (LBP) has already made commitments to retreat from coal.

²Shale oil and gas, hydrocarbons derived from bituminous sands and hydrocarbons extracted from the Arctic.

³ More broadly, La Banque Postale has made a commitment to align its banking activities with the goal of becoming carbon neutral by 2040.

3. Gas and petroleum: publication of shareholder expectations

The Caisse des Dépôts Group expects that the oil and gas companies it holds in its portfolio release clear, credible plans to transition to carbon neutrality, which contain objectives to reduce greenhouse gas emissions over a wide scope of activities, including their indirect emissions from products sold.

When drawing up such strategies, they are asked:

- 1) first, to employ methods that enable them to avoid emissions, in particular by adopting ambitious targets to diversify their activities and to increase their investments in low-carbon assets and operations;
- 2) then, to choose methods that enable them to reduce emissions, especially by pursuing targets to decrease their methane emissions;
- 3) and, finally, as a residual solution only, to rely on capture/storage technologies and natural storage.

The Caisse des Dépôts Group also expects these companies to put in place robust strategies to manage environmental risks, including transition risk, and to define policies to guide the development of activities linked to non-conventional energy sources.

4. Across all sectors: decarbonizing portfolios

The Group is continuing its efforts to define a new pathway to decarbonize its financial portfolios, in line with the carbon neutrality scenarios, relying on stringent methodologies. For example, La Banque Postale has embarked on a course to achieve Zero Net Emissions by 2040 for its banking activities and will employ the well-known SBT (Science-Based Target) methodology to define its path. In the first quarter of 2021, Caisse des Dépôts will publish a 2025 objective for its asset management activities, based on the protocol defined by the United Nations-convened Net Zero Asset Owner Alliance which was just opened to public comment.

5. Green financing: promoting a green recovery

In addition to reinforcing its commitments on fossil fuel energy, in September the Group announced a Climate Plan that calls for massive financing to contribute to a green recovery in France. Thus, €40 bn are allocated over the 2020-2024 period for the benefit of local area via the Banque des Territoires and for businesses via Bpifrance.

This funding will advance the transformation of the sectors targeted in the French National Low Carbon Strategy (building energy performance, renewable energies, sustainable mobility).

About the Caisse des Dépôts Group

Caisse des Dépôts and its subsidiaries form a public long-term investor group serving the general interest and economic development of local areas.

It combines five areas of expertise: pensions and professional training, asset management, strategic subsidiaries and holdings, corporate public bank (Bpifrance) and a local public bank (Banque des Territoires).

Media contact

Caisse des Dépôts

Groupe Caisse des Dépôts – Alexis Nugues – 06 81 55 59 24

 |  |  |  caissedesdepots.fr