

Climate Finance Policy

Effective 1st January 2021



**Caisse
des Dépôts**
GROUPE



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Introduction

In accordance with the Paris Climate Agreement, the Caisse des Dépôts Group aims to make our financing and investments compatible with low-carbon, climate-resilient development. We take action within the framework of France's low-carbon strategy.

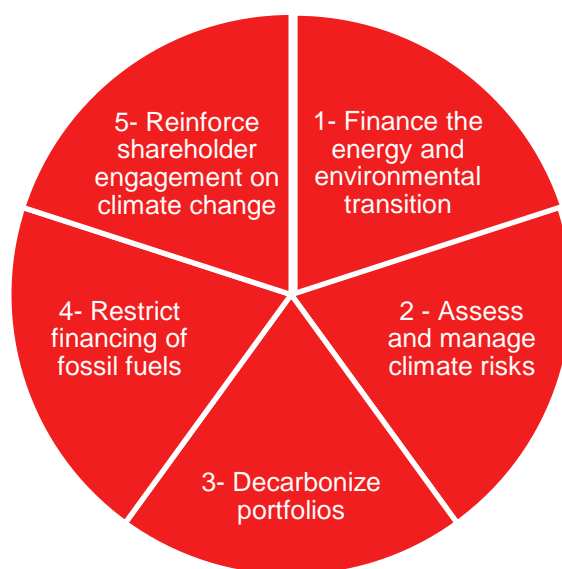
Given the urgent need to address climate change, the **Caisse des Dépôts Group seeks to contribute to keeping global warming within the 1.5°C limit by leveraging every opportunity to finance a low-carbon economy**. It therefore commits to align its investment portfolios, and its financing and investments in territorial projects and French businesses, with the goal of achieving carbon neutrality by 2050.

Through its financing and investments, the Group also strive to improve the ability of portfolio companies and French regions to withstand the consequences of climate change.

To achieve these climate goals, it focuses on a fair low-carbon transition by fighting social and regional inequalities. Through its financing and investments, it seeks to restrict urban sprawl by rendering city centres more attractive, developing sustainable and accessible mobility, reducing energy insecurity and supporting transitioning regions, and securing good quality employment.

Rising to the challenges of biodiversity loss and climate change go hand in hand. The Caisse des Dépôts Group therefore conduct this policy by developing carbon reservoirs and helping to mitigate the impacts of climate change on biodiversity.

To pursue these goals over the long term, the Group implements a **climate roadmap focusing on five interconnected areas of action and applied across all asset classes**:



Pillars 1, 2, 3 and 4 are currently applied to investments and financing. Pillar 5 is currently applied to investments.

Group Climate Policy Summary

Finance the energy and environmental transition									
2020-2024 « Climate Bank » (Banque des Territoires & Bpifrance): 40 Bn€ new funding target									
2020-2024 « Group/ Public Financial Hub » (CDC+Bpifrance+LBP/CNP+SFIL): 60 Bn€ new funding target									
Assess and manage climate risks									
Integrating climate risks into all risk governance tools									
Integrating climate risks into internal credit ratings and prudential models									
Mapping climate risks in the balance sheet									
Assess the financial impact of climate scenarios									
Decarbonize financing and investment Portfolios									
The Group will apply effective and transparent methods to build carbon-neutral portfolios by 2040 for LBP, and by 2050 for CDC, Bpifrance and CNP Assurances.									
Real estate investments: target -38% primary energy consumption between 2014 and 2030 (CDC)									
Infrastructure investments: increased selectivity through carbon rating used as an input by Banque des territoires in the investment process and green thematic allocation (targets 2024: 8,000 MW of renewable energy installed capacity, 50,000 charging stations)									
Corporate investments: target -20% carbon footprint of listed companies portfolios between 2014 and 2020 (CDC, Bpifrance, CNP) -20% carbon footprint of corporate fixed income portfolios between 2014 and 2020 (CDC), engagement with unlisted companies (CDC, Bpifrance)									
Sovereign investments: monitoring of sovereign GHG reduction pathways (CDC, LBP)									
Loans and refinancing: LBP 100% dedicated to renewable energies, refinanced by the SFIL									
Restrict financing in sectors exposed to fossil fuels									
	Coal	Shale gas	Oil sand	Oil and gas from the Arctic	Clean hydrogen / biogas / biofuels	Conventional oil & gas	Routine flaring	Methane emissions	Pathway to net zero emission
Exclusion	✓	✓	✓	✓		new oil infrastructure			
Engagement guideline	✓ (under the threshold)	✓ (under the threshold)	✓ (under the threshold)	✓ (under the threshold)	✓	✓	✓	✓	✓
Analysis & integration					✓	✓	✓	✓	✓
Reinforce shareholder engagement on climate change									
Direct corporate investments: expectations of an ambitious and transparent transition strategy, target reduction in greenhouse gas emissions aligned with the goals of the Paris Agreement, clear climate governance.									
Investments via funds: CDC and Bpifrance support funds in unlisted asset and listed assets in improving the integration of climate change into asset management decisions.									

1

Finance the Energy and Environmental Transition

The Caisse des Dépôts Group encourages the transition to a resilient, low-carbon economy **by steering investments and financing towards low-carbon projects**, such as:

- Sustainable mobility;
- Renewable energy generation, storage and smart networks;
- Real estate construction and rehabilitation according to high energy performance standards;
- Companies active in the energy and environmental transition (EET) and support for the decarbonization of industry;
- The circular economy and the performance of water supply and waste reclamation networks.

The Group¹ targets to devote €60 billion new funding to the green transition between 2020 and 2024.

In line with its policy, Banque des Territoires will be particularly active in supporting regions in their transition, which must be fair and inclusive. Banque des Territoires has a vast range of offers and services geared to preserving ecosystem and climate balance, adapting to climate change and limiting negative environmental impacts, while enhancing regional appeal and interconnections.

Bpifrance finances and supports renewable energy projects, companies active in the energy and environmental transition (particularly ecotechnologies), and investments for the climate, environment and energy efficiency, via loans and direct and indirect equity investments, both nationally and internationally.^[1]

On an international level, the STOA investment vehicle, created in partnership with the French Development Agency (AFD) to invest in primary infrastructure and development projects in Africa, South America/Caribbean and South/South-East Asia, must invest at least 30% of total amounts in projects with co-benefits for the climate.

¹ Including La Banque Postale (LBP) and SFIL

^[1] Particularly via Export Insurance on behalf of the Government.

The SFIL/La Banque Postale (LBP) scheme continues to support investments by public authorities in favour of the environment, with the goal of granting €2 billion in green funding over the 2020-2024 period.

Alongside this SFIL/La Banque Postale funding, CNP Assurances, now a subsidiary of LBP, will increase its green assets under management twofold between the end of 2018 and the end of 2023, from €10 billion to €20 billion.

Funds mobilised by the Group are identified based on a classification derived from the international method developed by public development institutions, IDFC², and gradually according to the European Taxonomy for sustainable activities. They are published yearly in our annual report certified by our statutory auditors.

² <https://www.idfc.org/>



2

Assess and Manage Climate Risks

The Caisse des Dépôts Group integrates climate risks into its risk assessment and management procedures. For the Caisse des Dépôts, Bpifrance, SFIL and La Banque Postale, four main pillars underpin this goal:

- **Strengthen the body of climate risk standards**, by explicitly integrating these risks into all risk governance tools (Group Risk Management Charter, Internal Control Organisation Principles, risk maps, risk appetite, etc.).
- **Integrate climate risk into internal credit ratings and prudential models**, by studying transition risks and opportunities as well as asset vulnerability to improve its assessment of default probabilities and capital requirements.
- **Map out climate risk at balance sheet level**, by developing current indicators (carbon emissions of financial portfolios, energy certification and consumption of property portfolios, etc.) to cover all balance sheet assets and improve risk analyses (intensity, concentration, forward-looking vision, quantification).
- **Assess the impact of global scenarios** (for medium- and long-term investments) and study the sensitivity to specific climate risks (for short- and medium-term investments) by conducting sensitivity analyses on the valuation of different asset classes.

3

Decarbonize Portfolios

The Caisse des Dépôts Group aims to contribute **to the gradual decarbonization of the economy** through its financial activities, starting with the Group's investment portfolios and progressively expanding through the financing portfolios.

Pathway to carbon neutrality

The Group (CDC, Bpifrance, La Banque Postale and CNP Assurances) will apply **effective and transparent methods to build carbon-neutral portfolios**.

By relying particularly on **the UN-convened Net Zero Asset Owner Alliance**, supported by UNEP-Fi and the PRI, Caisse des Dépôts will work with Alliance members, including CNP Assurances, and scientific advisors to select a methodology and pathway for aligning the Group's portfolios with a 1.5°C scenario. **Intermediate objectives will be defined every five years as of 2025**, with a presentation of the first results in 2023.

La Banque Postale, whose operational scope is already carbon neutral, is committed to achieving **Net Zero Emissions in its banking activity by 2040**³. LBP has committed as part of the Science Based Target (SBT) initiative and will apply SBT methods to define a pathway to decarbonize its portfolios.

As a signatory of the Montreal Carbon Pledge, the Caisse des Dépôts Group has already committed to measure, report and reduce the carbon footprint of its investment portfolios.

Real Estate Investments

Caisse des Dépôts will **reduce the primary energy consumption of its real estate financial investment portfolio**⁴ **by 38%** between 2014 and 2030.

This commitment applies both to office buildings and housing, which account for the majority of assets. It therefore broadens the Caisse des Dépôts' scope beyond regulatory requirements applicable in France. For this same portfolio, the Group also aims to reduce greenhouse gas emissions by 20% between 2014 and 2020 (emissions from all energy-consuming uses), and intends to extend this commitment with a new goal to place the portfolio on a pathway compatible with the 1.5°C scenario. The Caisse des Dépôts Group also pledges **to invest in**

³ including its own assets, financing and lending, and eventually third-party asset management

⁴ I.e. all buildings owned and managed by the Public Institution, and club deals in which it holds an interest of least 25%

new property meeting high energy performance standards (at least RT2012 -20%) and, for acquisition of non-efficient assets, to undertake work in the short term to significantly improve their energy performance.

For real-estate investments for the benefit of regions, the **Banque des Territoires** is gradually rolling out a policy **composed of environmental conditions exceeding regulatory requirements, based on environmental and/or energy certifications**. Each new investment is therefore assessed against criteria specific to each type of real-estate asset. The Banque des Territoires is pursuing methodology efforts to gradually align its business with the goals of the National Low Carbon Strategy and the 1.5°C objective.

In the context of its real-estate debt business, **La Banque Postale AM** systematically carries out a multi-criteria ESG analysis to select investments. **This analysis includes predominant Environmental Transition criteria, namely the existence of environmental certification for construction and operation, and investments to improve energy efficiency.**

Investments in Infrastructure

To ensure greater account is taken of climate impacts inherent in infrastructure projects, Banque des Territoires has established a **rating system that consists in analysing non-financial criteria**, particularly the contribution to protecting climate balance and reducing GHG emissions⁵. The rating is used as input for the decision process and thus contributes to the **selection of new investments**. The positive externalities of projects are therefore assessed, and measures can be taken to reduce or negate their adverse impacts, including on climate.

Banque des Territoires also plans **to increase investments in infrastructure that focus on the climate and EET between 2020 and 2024**. This particularly includes measures planned over the period as part of the “Climate Plan for the energy and environmental transition of businesses and regions to contribute to economic recovery”:

- **supporting local renewable energy production projects**, including solar PV, onshore and offshore wind farms, geothermal generation, marine energy, biomass, and innovative projects, particularly in green hydrogen, self-supply, energy storage and heating networks. The aim is to invest €900 million by 2024, thereby achieving the target 8,000 MW of renewable energy installed capacity, the equivalent of 2.9 million households supplied with green energy.
- **innovation for sustainable infrastructure** - innovative sectors and systems for sustainable, resilient local development (water/sanitation, waste, etc.), and biodiversity conservation (by promoting natural offset sites).
- **adapting everyday mobility and supporting new technologies for green, resilient mobility**. This includes faster deployment of clean vehicle fleets (road, river and rail transport, etc.), electric vehicle charging and biogas filling stations, transformation of roads to adapt to new forms of mobility (cycle paths, sustainable urban logistics, etc.), and the deployment of hydrogen-based transport ecosystems including filling stations and vehicle fleets. The aim is to finance more than 50,000 charging stations by 2024 as well as biogas supply;

⁵ This indicator aims to provide estimates of tons of CO₂ emitted and tons of CO₂ avoided by investment projects.

- **accelerating property energy retrofit**, including social housing, public buildings (schools, universities, hospitals, etc.), and **supporting the deployment of digital tools to improve the energy performance of buildings**. The target is to finance the thermal efficiency of 20 million square metres of public and office buildings and more than 500,000 social housing units by 2024.

In addition, the Banque des Territoires supports the development of a green pipeline of projects by assisting local authorities through innovative and sustainable local engineering, as well as supporting industrial players in their efforts to contribute to the energy and environmental transition of industry, including brownfield rehabilitation (support for local publicly-owned / semi-public companies, loans for land acquisition, service installation and clean-up).

Investments in Businesses

The Caisse des Dépôts Group⁶ targets a **20% reduction in the carbon footprint of portfolios of listed shares** directly held by the Group over the period between 2014 and 2020⁷. This commitment defines a pathway for reducing portfolio-related greenhouse gas emissions beyond European objectives over the period. To do so, the Caisse des Dépôts Group systematically initiates proactive shareholder dialogue on energy and climate issues to encourage reductions in greenhouse gas emissions. If voluntary emissions reduction by portfolio companies proves insufficient on the middle course, the Group will reallocate its portfolios in order to reach its reduction target.

Caisse des Dépôts also targets a **20% reduction in the carbon footprint of directly held corporate bond portfolios** over the 2014 - 2020 period. Alongside the implementation of its thermal coal policy, it will engage in regular dialogue with businesses to monitor their climate commitments. Based on climate evaluation, assets will be reallocated in favour of the lowest-emitting companies. Issuers who fail to meet their commitments will be penalized by the total or partial sale of the exposure, or total or partial non-renewal of maturing bonds, while ensuring that allocation meets targeted portfolio performance and balance.

For **its direct investments in non-listed companies**, the Caisse des Dépôts Group will identify business **sectors and companies presenting high climate stakes, in order to assess and monitor their impacts** using indicators directly relating to their business activities. Shareholder dialogue on energy and climate issues will be reinforced with a view to **encouraging the companies monitored to mitigate negative impacts and increase their shares of green revenues and operations**.

Investments in sovereign issuers

Caisse des Dépôts monitors pledges made by States to reduce greenhouse gas emissions. To that aim, it identifies the commitments made by country in which debt is held in the portfolio and monitors changes in their total emissions. **Confirmed deviation from the stated goals may prompt CDC to adjust its allocation**.

⁶ excluding LBP which was integrated after this objective was set

⁷ In teq. CO₂ per thousand Euros invested, the latter being accounted for at gross balance sheet value corresponding to effective outflows.

La Banque Postale measures the carbon intensity of the sovereign issuer segment of its proprietary trading portfolios.

Lending and Refinancing Activities

Since the launch of its assets and projects financing activity in 2014, **La Banque Postale** has **committed to finance only renewable energy projects, giving priority to developing its range of green loans for public authorities and businesses** in order to finance energy transition projects complying with the European Taxonomy.

The SFIL issues green bonds to refinance green loans marketed in France by LBP in the area of renewable energy, sustainable management of water and sanitation, waste management and reclamation, soft mobility and clean transport, and energy efficiency in urban construction and development. The target is to finance €2 billion of green loans within four years.

As part of the “Climate Plan for the energy and environmental transition of businesses and regions to contribute to economic recovery”, **Banque des Territoires plans to increase loans for the energy renovation of buildings**, including social housing and public buildings (schools, universities, hospitals, etc.). The goal for 2024 is to finance the thermal efficiency of 20 million m² of buildings in public and tertiary buildings and more than 500,000 social housing units.

4

Restrict Financing in Sectors Exposed to Fossil Fuels

1 - Thermal coal

In 2015, the Group pledged to apply **a policy defining conditions for financing assets exposed to thermal coal**. The reinforcement of this policy aims to contribute to achieving the United Nations Sustainable Development Goals:

- **Climate change:** coal is the biggest greenhouse gas-emitting fossil fuel for a given amount of generated power. Swiftly reducing the use of thermal coal is a core component of international energy transition scenarios and IPCC guidelines⁸ to limit global warming to 1.5°C. According to these guidelines⁹, coal-fired power generation must be reduced to almost zero by 2050 in all scenarios aligned with this objective. According to the median scenario analysed, coal burning must decrease 75% between 2010 and 2030 and 98-100% by 2050. With a view to achieving this objective by mid-century, no new capacities are being developed and most facilities will be closed by 2040. France has committed to stop generating electricity from coal by 2022.
- **Biodiversity, water and oceans:** coal burning contributes to ocean acidification and acid rain and coal mining deteriorates water quality and threatens local biodiversity.
- **Health and well-being:** according to the WHO, coal-fired power plants are one of the “main sources of air pollution”.

We contribute to promoting policies to stakeholders in favour of withdrawing from coal mining activities and use of coal, particularly within the Powering Past Coal Alliance (PPCA) alongside the French government.

⁸ Intergovernmental Panel on Climate Change

⁹ Source: https://www.ipcc.ch/site/assets/uploads/sites/2/2019/05/SR15_SPM_version_report_LR.pdf

Corporate Investments and Financing

The Group has pledged to **refrain from investing directly in listed equities and debt securities of companies whose coal mining activity or coal-fired power generation¹⁰ exceeds 10% of their revenue¹¹**. Caisse des Dépôts and Bpifrance will also apply this threshold to existing portfolio assets¹².

In 2021, this relative exclusion threshold is completed with absolute exclusion thresholds of 10Mt in annual mining production and of 10GW of annual coal-based power generation, applicable to new investments. They will also be applied to stock in 2023¹³.

The Group expects all power generating and/or mining companies in which it holds shares and whose revenue is dependent on thermal coal to reduce their operations in this area to reach almost no coal-fired power generation in the OECD by 2030 and in the rest of the world by 2040. The Group therefore expects these companies to define exit pathways in line with the goals of the Paris Agreement for all their exposed operations, together with short-, medium- and, if necessary, long-term objectives, **by applying the following principles:**

- **No planning, development or construction of new coal-fired power plants** on top of those currently being built;
- **The cancellation or suspension** of coal-fired power plant and coal mining projects, and the related infrastructure, in the pre-construction phase;
- **The closure or gradual conversion of coal-fired power plants**, according to the above timeframe, and by 2022 in France.
- In regions affected by this energy transition, companies are expected to develop and report on the **implementation of their fair transition policy and the social impacts of their strategy.**
- Where necessary, support will be provided for this transition.

To ensure this dialogue is effective, by 2021, **no new investment will be made in companies developing new coal-fired power plants.** The relevant threshold is 300MW. It will be applied to the stock¹⁴.

¹⁰ Except pulverized coal with CCS.

¹¹ The Caisse des Dépôts Group may nonetheless invest in such cases to support the company's transition towards a new generation model meeting these thermal coal criteria.

¹² LBP triggers exclusion after thoroughly analysing the pathways of all the stakeholders in the value chain (power generation, mines, transport and trading) to ensure they comply with the Paris Agreement.

¹³ The Caisse des Dépôts Group may nonetheless maintain its investments and financing for companies that implement a plan to transition towards a new generation model meeting these thermal coal criteria.

¹⁴ The Caisse des Dépôts Group may nonetheless maintain its investments and financing for companies that implement a plan to transition towards a new generation model meeting these thermal coal criteria.

The Caisse des Dépôts Group gives priority to shareholder engagement to encourage electricity and mining companies to develop such goals. If this engagement proves to be unsuccessful over time, companies that do not clearly display their intention to align their strategy with a scenario that is consistent with the Paris Agreement and/or do not demonstrate concrete efforts to implement it are excluded, particularly those that refuse shareholder dialogue on climate change.

Investments and financing for unlisted companies

Regarding equity investments and lending activities for regional projects (real assets, SPVs and SME/mid-cap companies), the Caisse des Dépôts Group **pledges not to finance or refinance:**

- **any new coal-fired** power generation capacities¹⁵,
- the **renovation of existing power plants** resulting in extending their service life¹⁶,
- companies to support them with **any coal-fired power generation project beyond the deadlines of the Group's policy on coal**¹⁷.
- **transport infrastructure dedicated** to thermal coal.

Where appropriate, dialogue engaged with customers for financing activities may also be used as opportunity to explain the Group's policy on thermal coal and help them implement this transition.

Investments via Funds

For funds investing in listed stock, Caisse des Dépôts and Bpifrance initiate dialogue with asset managers to ensure they strive to implement or reinforce policies on thermal coal in line with the sustainable development goals. They monitor how these policies are reflected **in the fund investment theses** and their implementation in the choice of underlying assets, votes in general meetings and reports issued to investors.

For funds investing in unlisted assets, Caisse des Dépôts and Bpifrance committed in 2019 to **exclude all new investments in funds integrating assets or companies if their coal-mining or coal-fired power generation activity exceeds 10% of revenue**. This provision is introduced via side letters signed by the two entities.

¹⁵ Except pulverized coal with CCS.

¹⁶ Except pulverized coal with CCS.

¹⁷ Except pulverized coal with CCS.

2- Oil and Gas

The Oil and Gas industry is responsible for 51% of global carbon dioxide emissions¹⁸. **The energy scenarios defined by IPCC and the IEA¹⁹ to meet the global carbon budget required by the 1.5°C target include steady reductions in oil and gas-related emissions as of 2020, across the entire supply chain, primarily through a decline in consumption.**

- **Worldwide: demand for oil must decrease by more than 20% and for gas by 15% between 2010 and 2030 according to IPCC²⁰; demand for oil must decrease by more than 3.5% annually between 2019 and 2030 according to IEA (Net Zero 2050 scenario²¹),**
- **In France, the National Low Carbon Strategy, which also aims for the Net Zero goal, is implemented in the short and medium term by the Multiannual Energy Programme (MEP) providing for a 22% drop in demand for natural gas, and 34% for oil by 2028 compared to 2012 levels²²**
- **These scenarios also include considerable replacement of fossil fuels with biofuels and biogas, and the development to varying degrees of negative emission technologies (CCS, offsetting).**

The Caisse des Dépôts Group aligns the selection of assets and its shareholder expectations with these global scenarios and national goals for a significant energy transition the oil and gas industry.

This policy applies to investment portfolios and strategic interests held by Caisse des Dépôts, to investments and financing of Banque des Territoires and Bpifrance, and to the lending activities of SFIL²³. It is detailed in Appendix 1 to this document.

¹⁸ Excluding land use. Source: I4CE-French ministry of ecological transition and solidarity 2019

¹⁹ International Energy Agency

²⁰ IPCC 1.5°C scenarios “Below 1.5°C & 1.5°C low-OS” require an average reduction of 21% in oil demand between 2020 and 2030 and 65% by 2050, and a reduction in gas use of 15% by 2030 and 43% by 2050. Source: https://www.ipcc.ch/site/assets/uploads/sites/2/2019/05/SR15_SPM_version_report_LR.pdf

²¹ Source: World energy outlook – IEA – 2020. In its new Net Zero Emissions by 2050 scenario (NZE2050), IEA considers that oil demand must fall by 40% and gas demand by 20% compared to the 2030 levels of its Stated Policies Scenario (STEPS). Average decline in oil is more than 3.5% per year between 2019 and 2030. IEA indicates that “this represents a significant change in the oil demand pathway. However, this decrease is below the underlying decline in supply if no investments were made in existing or new oilfields, in which case supply would fall by 8-9% a year. This implies a minimum investment in exploration-production, despite the rapid decline in oil demand of the Net Zero scenario”.

²² Source: <https://www.legifrance.gouv.fr/jorf/id/JORFTEXT000041814432/>

²³ LBP Group is currently defining pathways to achieve the same ambition.

Investments and Financing for Businesses

The Caisse des Dépôts Group analyses commitments made by companies²⁴ in the short, medium and long term as well as recent and upcoming investment decisions. If the companies deviate from this pathway, the Group may improve or reduce the assessment of a company, which can lead to its potential exclusion from its portfolio. When analysing an investment or financing for an oil and gas company, the Group ensures that exposure to the transition risk is financially integrated, by modulating the company's risk indicator.

The Group does not directly finance any company²⁵ if its exposure to non-conventional resources - resources from hydraulic fracturing, the Arctic and oil sands, which are the most harmful for the environment and the climate - account for more than 10% of revenue, based on available data.

The Group engages in demanding shareholder dialogue with companies in the industry and requires them to adopt a transparent and credible transition strategy aligned with a scenario limiting the global temperature rise to 1.5°C, based on, by order of priority:

- **Emissions avoided:** by implementing a strategy to reduce their absolute GHG emissions, with short-, medium- and long-term goals, including emissions from use of energy products sold to their customers across the entire scope of business, to achieve net zero emissions by 2050, and the diversification of their operations and capex towards low-carbon business;
- **Reducing emissions:** through a structured strategy to reduce methane emissions (routine flaring and venting, leakages) for a value chain "close to net zero methane emissions", including target for methane emissions reductions, and growing use of renewable energies;
- **As a last resort and transparently, through capture technologies or offsetting residual emissions.**

Investments in Infrastructure

The Group will develop tools to analyse an infrastructure's alignment with a national or regional energy pathway compatible with the goal of keeping climate change to within the 1.5°C limit. It analyses all new plans to invest in or finance infrastructures for oil and gas production, transmission, refining, storage and distribution by integrating into the valuation, including terminal value, the drop in consumption induced by a 1.5°C scenario.

²⁴ Defined as direct operators and their direct tier-1 suppliers, of at least mid-cap size.

²⁵ Excluding companies supplying products and services (called "oil services"), and excluding companies mainly dedicated to the transport, storage, distribution and distribution of gas in France whose activity is controlled by the regulator, requiring them to non-discriminate against access to their infrastructure. The Group encourages these companies to make their best efforts to limit their exposure to unconventional energies and asks them to publish the share of their activities resulting from these unconventional resources. SFIL will thus be able to selectively support these companies in financing sustainable projects.

The Group will not finance the development of new oil projects.²⁶

It will not finance infrastructure for non-conventional hydrocarbons: from hydraulic fracturing, the Arctic or oil sands.

Conversely, the Group grants specific financing to support the sector's capex-intensive transition, through innovative biogas and clean hydrogen programmes, and adapting transmission and distribution infrastructure to these new energies.

²⁶ SFIL will apply the state credit insurance policy providing in 2025 for an end to support exploration / production activities for new oil assets. For SFIL, this exclusion does not apply to dedicated petrochemical infrastructure.

5

Reinforce Shareholder Engagement on Climate Change

The Caisse des Dépôts Group integrates climate and energy efficiency issues into its shareholder dialogue in order to foster better transparency and environmental performance within portfolio companies.

Direct Investments in Businesses

Listed companies are particularly expected to:

- define an **ambitious medium-term strategy** to address the energy and environmental transition and regularly publish complete, detailed and audited data on its implementation, in compliance with the guidelines issued by the TCFD²⁷, which the Group supports.
- define, within this framework, a realistic **target reduction in greenhouse gas emissions after 2020**, contributing to the energy transition scenarios underpinning the goals of the Paris Agreement, and applicable to a significant scope of their activity,
- set up tailored governance.

Non-listed companies, for which energy and climate represent major challenges, **are expected to commit to and report on an action plan aiming to reduce their climate impacts and increase their green activities**, according to thresholds to be defined by investor entities, taking their portfolio structure into account.

To this end:

- the Group will carry out pre-investment analysis of climate and environmental issues for each of its investment projects, in addition to pre-existing ESG analysis,
- the Group monitors portfolio assets on these issues where they represent a material issue, throughout the life of the investment.
- before portfolio companies' general meetings, Caisse des Dépôts will assess all environmental resolutions and will support the resolutions in line with its vision of the company's long-term stakes. Caisse des Dépôts may publish the position adopted.

²⁷ In 2017, the Task Force on Climate-related Financial Disclosure (TCFD), launched by the Financial Stability Board, published guidelines on climate-related financial risk disclosure for use by companies.

- The Group may carry out comprehensive surveys among investee companies the most exposed to climate risks, but also to opportunities. These surveys are particularly based on the TCFD guidelines we support, and on the ACT methodology defined by ADEME. In addition to individual monitoring of companies' responses performed by Group asset managers and investors, the Group publishes a summary of the findings, to report to companies on the results and good practices identified.

Investments via Funds

Caisse des Dépôts and Bpifrance Investissement **assist the unlisted fund market in improving integration of climate change into asset management decisions**, particularly the goal of reducing greenhouse gas emissions where applicable. They adapt their own investment process accordingly:

- by systematically performing due diligence prior to investing in a fund to assess how the asset manager addresses climate issues in its investment process. This assessment is particularly included in due diligence questionnaires and its results are integrated into the investment decision process.
- by expecting asset managers to commit to transparency on how they approach these issues in their investment process, by communicating at least one annual report which may consist in responding to the Group annual ESG survey.
- by encouraging asset managers to develop systems to support portfolio companies in identifying and managing climate risks and opportunities.
- by encouraging asset managers to make commitments in this respect.
- by encouraging asset managers to develop tools and systems for monitoring and managing greenhouse gas emissions and improve the energy efficiency of portfolio companies, where the issue is relevant.

As regards open and closed-ended equity funds managed by external asset managers, Caisse des Dépôts is tightening its requirements regarding the voting policies applied by these funds, in line with the Group's voting policies. **Before and during the investment, it engages in dialogue with asset managers to encourage companies to align their voting policies and practices with an approach compatible with the 1.5°C global warming limit.** When the fund's investment strategy so permits, it also encourages asset managers to place greater emphasis on climate change in their analyses and decisions.

Conclusion

All these measures seek to contribute to the transition to a low-carbon economy, in order to keep global warming to no more than 1.5°C above pre-industrial levels.

The Group will pursue the methodology work it has initiated to step up its contribution to achieving this scenario. It will strive to foster the emergence, application and dissemination of good practices and national and international standards.

Through its approach to climate issues, it will endeavour to take into account the economic, industrial, social and environmental consequences of scenarios aimed at effective climate risk control, and those of a breakdown in the global climate system.

Completing our approach as a responsible investor and financier, the Group is also developing its green and sustainable issuance policy, enabling investors to contribute to funding its green activities. This is particularly the case of Caisse des Dépôts, SFIL and LBP.

Ensuring a fair transition for regions and businesses requires collective efforts by all the parties involved. The Group has engaged with public finance institutions and operators in France to adopt an approach designed to align their activities with the objectives of the Paris Agreement.

Appendix – The Caisse des Dépôts Group Policy on Oil and Gas Sector Financing

The Caisse des Dépôts Group defined a policy specific to the Oil and Gas industry for the first time in 2020. This policy follows on from the Group's commitment to align its financial activities with an energy and carbon scenario compatible with the goal of limiting the global temperature rise to 1.5°C.

Fossil fuels account for 65% of greenhouse gas emissions and around 85% of carbon dioxide emissions worldwide²⁸. The oil and gas industry alone is responsible for 51 % of CO₂ emissions²⁹.

The energy scenarios defined by IPCC³⁰ and the IEA³¹ to meet the global carbon budget required by the 1.5°C goal include steady reductions in emissions by the oil and gas industry as of 2020, across the entire supply chain from production to consumption³². The Caisse des Dépôts Group aligns its policy with these global scenarios. In France, it applies the targets set by the National Low Carbon Strategy and the Multiannual Energy Programme (MEP)³³.

This Oil and Gas industry policy applies the tools of the Group's climate policy:

- It gives priority to implementing a demanding shareholder dialogue with sector companies to support their energy transition³⁴. The Group requires these companies to adopt a transparent and credible transition strategy aligned with a 1.5°C scenario. Integrated firms are asked to reduce their emissions in absolute terms and those of the products they sell;
- It defines exclusion thresholds and limits on financing and investments in the most harmful operations for the environment and climate, i.e. non-conventional hydrocarbons: resources from hydraulic fracturing, the Arctic and oil sands;
- lastly, the Group analyses any planned investment or financing with regard to the commitment to achieve carbon neutrality by 2050, based on analysis methods and criteria tailored to each class of assets.

This policy applies to investment portfolios and strategic interests held by Caisse des Dépôts, to investments and financing of Banque des Territoires and Bpifrance, and to the lending activities of SFIL³⁵. The levers are applied according to the materiality principle. They are therefore adapted to each business in the industry based on expected emission reduction impacts and climate-related risks inherent in these activities.

This policy will apply as of 1 January 2021. It will be assessed and updated each year to integrate government energy and climate policies (European and French policies and those of local public authorities), changes in scientific climate and energy scenarios for the sector, and its assessment of technological developments and changes in energy demand.

1- Engagement Guidelines

The Caisse des Dépôts Group integrates climate and energy efficiency issues into its shareholder dialogue in order to foster better transparency and environmental performance within portfolio companies. For companies and SPVs operating (exploration, operation, processing, transmission and refining, either directly or as a partner or shareholder) in the oil and gas industry³⁶, the Group particularly expects:

1.1 A strategy to contribute to the energy transition

To meet the global carbon budget, absolute carbon emissions of the Oil & Gas industry across the value chain - scopes 1 and 2 and scope 3 (emissions from energy products sold) must decrease now to reach net zero by 2050. To achieve this carbon neutrality, companies must focus primarily on using permanent means, that are swiftly available and the most cost-effective.

²⁸ Source: Chiffres clés du climat 2020 I4CE-MTES

²⁹ Excluding land use

³⁰ Intergovernmental Panel on Climate Change

³¹ International Energy Agency

³² IPCC's 1.5°C scenarios include a reduction in demand for oil and natural gas of respectively 37% and 25% in 2030 compared to 2010 in scenario P1 without emitted carbon storage and respectively 13% and 20% in scenario P2 which includes limited use of storage. Source:

https://www.ipcc.ch/site/assets/uploads/sites/2/2019/05/SR15_SPM_version_report_LR.pdf. In its new Net Zero Emission by 2050 scenario (NZE2050), IEA considers that oil demand must fall by 40% and gas demand by 20% compared to the 2030 levels of its Stated Policies Scenario (STEPS). In the NZE2050, average decline in oil is more than 3.5% per year between 2019 and 2030. Source: World Energy Outlook 2020 – IEA

³³ The French decree establishing the 2020 Multi-Year Energy Plan sets target reductions in natural gas consumption at 10% in 2023 and 22% in 2028 compared to 2012 and in oil consumption at 19% in 2023 and 34% in 2028. Source: <https://www.legifrance.gouv.fr/jorf/id/JORFTEXT000041814432/>

³⁴ In the "World Energy Outlook 2020" report, the International Energy Agency emphasises the important need for the financial sector to support this industry with its transition in order to achieve carbon neutrality by 2050.

³⁵ This policy will come into effect for direct investments and financing. Best efforts will be used to ensure it is gradually rolled out to assets managed by third parties based on the possibilities of each asset class.

³⁶ Defined as direct operators and their direct tier-1 suppliers, of at least mid-cap size.

The Caisse des Dépôts Group expects companies in the sector to publish a clear and credible carbon neutrality transition plan, aligned with climate and energy scenarios aiming to keep global warming to 1.5°C. Such a strategy includes the following components:

A) Target reductions in greenhouse gas emissions

- 1- The Caisse des Dépôts Groups expects Oil and Gas companies (including production, transformation and selling activities) to publish a strategy to reduce their absolute emissions of GHG, carbon and methane, with associated targets in the short, medium and long term, including emissions resulting from the use of energy products sold to their customers (scope 3, across their entire scope of activity, i.e. operated and in investment partnership), to achieve net zero emissions by 2050. **In line with the guidelines developed by the Science-Based Target initiative³⁷ for businesses in all sectors, the Group recommends that these objectives cover at least 95% of scopes 1+2 and at least two thirds of scope 3 if it accounts for at least 40% of the total of scopes 1+2+3.**
- 2- They are required to publish the various actions planned to implement the strategy (low carbon production, reduced fossil fuel production, CCUS³⁸, BECCS³⁹ and offsetting), in amounts of emission reductions and in percentage of CAPEX, in the short, medium and long term, and to update these targets on a regular basis.
- 3- The Group particularly expects **a structured strategy to reduce methane emissions for a value chain “close to net zero emissions of methane”⁴⁰. The strategy will include:**
 - a) **a documented plan for reducing methane emissions across the entire value chain** where relevant (integrated major, oil and/or gas producer, gas storage, transmission and distribution company, and electricity producer whose business relies on gas-fired power plants), aiming for methane emissions in intensity below 0.25% by 2025 and 0.2% by 2030, or in line with the pathway in absolute value of 75% of methane emissions avoided in oil and gas production between 2017 and 2040. Goals must also be defined for the transmission, storage and distribution of gas and systematic detection and elimination of leaks across the value chain. The plan must indicate methods for achieving the goals for the entire scope operated and apply them to the scope of non-operated activities, as well as advocacy actions. It may follow the principles of the Oil&Gas Climate Initiative (OGCI) or Methane Guiding Principles (MGP)⁴¹.
 - b) **a documented plan for reducing flaring operations** where relevant (integrated majors, oil and gas producers), aiming for zero routine flaring⁴² by 2030 at the latest. The plan must indicate methods for achieving the goals for the entire scope operated and apply them to the scope of non-operated activities, as well as advocacy actions. It may follow the principles of the Zero Routine Flaring by 2030 initiative⁴³.
- 4- **The Caisse des Dépôts Group expects companies to use their best efforts to reduce carbon and methane emissions in scope 2 by using renewable energy**, possibly decentralized, in production operations, particularly for gas production and LNG liquefaction.
- 5- **This strategy for reducing absolute emissions of GHG, carbon and methane will apply the Avoid - Reduce - Offset sequence**

Many Oil and Gas companies include carbon storage and offsetting in their GHG emission reduction strategies. In various net zero energy transition scenarios, the achievement of goals depends on use of these technologies to varying degrees: CCUS and BECCS are not considered in the IPCC P1 scenario whereas they capture 1,150 million tons in the IEA NZE2050 scenario as of 2030. Except for natural storage solutions (forests and land use), the main obstacle to removing carbon pollution from the atmosphere is the cost of the technologies used.

³⁷ A methodology specific to the sector is currently being developed.

³⁸ Carbon Capture, Utilization, and Storage

³⁹ Bioenergy with carbon capture and storage

⁴⁰ Methane is the second biggest contributor to climate change after carbon dioxide. It is also a potent pollutant of the local atmosphere, causing serious health problems. It must be greatly reduced to achieve the goal of carbon neutrality by 2050. According to IEA, almost a third of mitigation options for oil and gas operations have no net cost, or practically no cost. According to the European Methane Strategy, discharge and flaring must be reduced, along with leakages in production, transmission and combustion of fossil gas and oil.

⁴¹ <https://oilandgasclimateinitiative.com> , <https://methaneguidingprinciples.org/>

⁴² According to the World Bank, routine gas flaring – as opposed to flaring for safety needs - is defined as flaring during normal oil production operations in the absence of sufficient facilities or amenable geology to re-inject the produced gas, utilize it on-site, or dispatch it to a market.

⁴³ <https://www.worldbank.org/en/programs/zero-routine-flaring-by-2030#4>

From an environmental standpoint, the Caisse des Dépôts Group is not opposed to **carbon removal technologies (CCUS, BECCS)**, but wants to see these methods integrated into transparent, credible strategies. In the context of our shareholder dialogue, it therefore expects companies:

- a) to define a strategy for reducing their emissions by applying the following prioritization of goals: **Avoid - Reduce - Offset**.
- b) to indicate how their decarbonization objectives will be achieved (energy efficiency, renewable energies, CCUS, offsetting, etc.) with a distinction between scopes 1-2 and 3, and quantify their objectives over five-year periods.
- c) to comply, as regards carbon offsetting, with the five principles recommended by ADEME⁴⁴ concerning **transparency (rule 1), project selection (rules 2, 3 and 4) and communication (rule 5)**, which Caisse des Dépôts will implement as part of efforts to achieve its own internal carbon neutrality by 2022.

B) Suitable methods of implementation

- 1- The Group would like compensation policies applicable to directors, officers and employees to be linked to the achievement of these emissions and production mix goals, as opposed to the aim of increasing oil and gas production.
- 2- It expects every major investment, including in exploration, acquisition or development of oil and gas resources and other energies and technologies to undergo an assessment integrating the Paris Agreement goals. It expects companies to publish an annual report on investments indicating the criteria used to perform this analysis, including oil, gas and carbon price assumptions, and the progress made. It particularly expects oil and gas companies to be very transparent about the alignment assessment of their greenfield projects.
- 3- It encourages these companies to endorse the ACT initiative to measure their alignment with the goals of the Paris Agreement, and to publish their score and its principal components.
- 4- The Caisse des Dépôts Group primarily uses shareholder engagement to encourage oil and gas companies to develop such targets. If this engagement proves to be unsuccessful over time, oil and gas companies that do not clearly display their intention to align their strategy with a scenario that is consistent with the Paris Agreement are excluded and/or the companies that do not demonstrate concrete steps towards implementing it, particularly those that refuse shareholder dialogue on climate change.

C) Goals for diversifying and increasing investments in low-carbon assets and activities

The Caisse des Dépôts Group requires companies and SPVs operating in the oil and gas industry⁴⁵ to plan their future business and projects in compliance with a 1.5°C scenario, and in France with the MEP, particularly by diversifying their business to increase low-carbon activities in order to contribute to the low-carbon transition and to diversify their risks and revenue. We particularly expect companies:

- 1- To implement a strategy aiming to **increase these investments** and specifying the nature of developments pursued by low-carbon asset type;
- 2- To publish annually the share of their investments (fixed assets, development) and their **research expenditure devoted to low carbon assets and activities**, with the amount and its breakdown by type of asset and activity;

Low carbon assets are defined by the European Taxonomy for sustainable activities, in respect of their significant contribution to mitigating climate change without substantially affecting other environmental objectives. This classification is governed by European regulations⁴⁶ and the technical criteria will be stabilised by the European Commission at the end of 2020 based on the draft prepared by the Technical Expert Group established by the European Commission⁴⁷. This publication will be made compulsory for European companies with more than 500 employees that are subject to the

⁴⁴ <https://presse.ademe.fr/2019/11/compensation-carbone-5-regles-de-bonnes-pratiques.html>

⁴⁵ The scope includes production companies, integrated firms, oil and gas refining, transmission, storage and distribution companies and tier-1 suppliers of services and direct equipment, of at least mid-cap size.

⁴⁶ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52018PC0353>

⁴⁷ https://ec.europa.eu/info/sites/info/files/business_economy_euro/banking_and_finance/documents/200309-sustainable-finance-teg-final-report-taxonomy-annexes_en.pdf

*Non-Financial Reporting Directive*⁴⁸. In the meantime, companies can refer to the draft classification prepared by the Technical Expert Group, or by the ACT initiative⁴⁹.

- 3- Regarding **biofuels** in particular, companies will indicate whether they have a strategy on the production, refining, transmission and distribution of liquid biofuel. They will publish the share of biofuel sold as a percentage of total sales⁵⁰. Where applicable, they will report on the **share of biofuel sold that carries sustainability certification** recognised internationally and by the European Union⁵¹.
- 4- Concerning **biogas** in particular, the Caisse des Dépôts Group expects companies to publish a strategy on the production, transmission and distribution of biomethane and to publish the revenue share that biomethane represents⁵². The Group expects companies to publish a strategy for the development of clean hydrogen to replace fossil hydrogen, in production, refining, midstream (transmission, storage, distribution) and, as applicable, downstream uses of gas.

D) Detailed information on its content and implementation

The Group expects companies to integrate the main goals, methods and indicators of this strategy into their annual financial or business report, aligning as far as possible with the TCFD guidelines.

It particularly expects information that allows it to analyse changes in the companies' carbon intensity and the emissions they generate, across the entire value chain, having regard to 1.5°C scenario pathways.

E) Coherent lobbying by oil and gas companies

Oil and gas companies active in the production, transformation and sale of hydrocarbons can exert positive and negative influence over policies defined by Governments and the EU to implement the Paris Agreement. This influence may be exercised directly or via their trade organisations.

In line with its engagement strategy, the Caisse des Dépôts Group:

- 1- takes part in collective investor engagement campaigns that encourage oil and gas companies to conduct **direct and indirect lobbying, worldwide, to promote implementation of the Paris Agreement**. Their lobbying policy must be traceable, defined at the highest level in the company and consistent with their climate commitments,
- 2- supports **shareholder resolutions asking companies to be transparent about their climate lobbying policies and activities**. They are analysed individually with regard to their specific content, and with the climate shareholder dialogue under way.

1.2 A robust environmental risk management strategy

A) Transparency and environmental risk management measures

The Group expects oil and gas companies⁵³

- 1- to **publish their environmental risk prevention and management plans** (GHG emissions, oil spills, loss of biodiversity, air pollution and waste management), **the financial resources they devote to them and a financial evaluation of these risks,**

⁴⁸ Non-Financial Reporting Directive: https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting/non-financial-reporting_en

⁴⁹ Technical annex to the final report of the TEG: https://ec.europa.eu/info/sites/info/files/business_economy_euro/banking_and_finance/documents/200309-sustainable-finance-teg-final-report-taxonomy-annexes_en.pdf

⁵⁰ This information will be required by the application of the non-financial reporting directive by 2022. Until then, companies are asked to use their best efforts.

⁵¹ In its report on global warming limited to 1.5°C, the IPCC again emphasises that significant use of biofuels can be a threat to food security and ecosystem and biodiversity conservation.

⁵² This information will be required by the application of the non-financial reporting directive by 2022. Until then, companies are asked to use their best efforts.

⁵³ The scope includes production companies, integrated firms, oil and gas refining, transmission, storage and distribution companies and tier-1 suppliers of services and direct equipment, of at least mid-cap size.

- 2- **to influence their business partners and holdings so that they apply the most stringent standards in preventing and managing environmental risks**, at least equivalent to their own standards applied as operators.

B) Transparency and measures to manage exposure to non-conventional resources

Due to their physical or economic characteristics, non-conventional resources involve more acute environmental issues, particularly in terms of achieving the transitioning to carbon neutrality.

1- Transparency

The Caisse des Dépôts Group expects companies to use their best efforts to publish⁵⁴ the percentages that the exploitation of gas and oil from oil sands, the Arctic⁵⁵ and hydraulic fracturing represent, respectively, in their revenue, production and reserves.

2- Specific case of companies or SPVs⁵⁶ developing activities dedicated to non-conventional energy

a. Oil sands

- The Caisse des Dépôts Group requires companies that are or could be concerned to refrain from investing or participating in the development of new capacities and new projects for the exploration, production or transmission of oil from oil sands.
- Companies whose business involves a residual exposure to oil sands in which the Caisse des Dépôts Group invests will be encouraged to apply the best environmental risk management practices applicable to these activities, in terms of climate pathway and specific risks, including water management and land rehabilitation issues.

b. Shale gas and oil

- Companies whose business involves a residual exposure to shale gas and oil and which receive funding from the Caisse des Dépôts Group will be encouraged to apply the best environmental risk management practices applicable to these activities, in terms of climate pathway and specific risks, including methane, water management and land rehabilitation issues.

c. Gas and oil from the Arctic

- The Group expects companies to refrain from developing any exploration or production in international Arctic waters and to publish a detailed description of their activities in the Arctic by type and geography, covering their own operations and those of their business partners and holdings.
- Companies whose business involves a residual exposure to the Arctic region and which receive funding from the Caisse des Dépôts Group will be encouraged to apply the best environmental risk management practices applicable to these activities, in terms of climate pathway and specific risks, including methane emissions, pollution and safety.

C) Managing the transition risk

The decline in oil demand in energy transition scenarios, on a national and international scale⁵⁷, brings risks of excess production, transmission, refining, storage and distribution capacities, especially in Europe (in France, the MEP includes a decline in oil consumption by 19% in 2023 and 34% between 2012 and 2028). Similarly, the changes integrated into scenarios and the French MEP concerning demand for natural gas (in France, the MEP includes a decline in natural gas consumption by 10 % in 2023 and 22% between 2012 and 2028) can bring risks of excess production, processing, transmission, liquefaction, regasifying, storage and distribution capacities, particularly in Europe and France. According to the Banque de France-

⁵⁴ The aim for companies active in transmission, storage and distribution in France, whose business is overseen by the regulator, is that best efforts be made to calculate the portion of revenue generated by exploiting gas from the Arctic, and shale gas.

⁵⁵ The Arctic zone is here defined according to the geographical boundary of the latitude of 66 ° North.

⁵⁶ The Group is currently not exposed to any company developing activities dedicated to non-conventional energy and shall endeavour to maintain this situation by excluding financing and investments in these activities.

⁵⁷ In its NZE2050 scenario, the International Energy Agency includes, for example, a 33.7% drop in global oil demand between 2019 and 2030.

ACPR⁵⁸, the industry could eventually suffer from a major carbon constraint (even though it may initially benefit from a delayed impact) and is currently facing stranded assets risks. Furthermore, article 173 of the French energy transition for green growth act from 2015 requires investors, including the Caisse des Dépôts Group, to “describe how the investment policy takes into account results of the analysis carried out on criteria concerning achievement of objectives [...] particularly exposure to climate risks”.

To this effect, The Caisse des Dépôts Group emphasises the importance of managing this transition risk in its shareholder dialogue with companies and SPVs operating in the oil and gas industry⁵⁹:

- 1- It expects companies, in accordance with the TCFD guidelines and European climate reporting guidelines⁶⁰, to **publish a description of the risks they have identified in the short, medium and long term regarding a global 1.5°C scenario and, in France, within the framework of the MEP, as well as the impact of these risks on their activities, strategy and financial planning**. In France, it also expects a financial estimate of the investments needed to increase integration of sustainable gas (biomethane and clean hydrogen) into existing facilities.
- 2- It expects companies to develop and report on **the implementation of their fair transition policy and the social impacts of their strategy**.

2. Exclusion Policy

2.1 Rules on exposure to non-conventional resources

The Group **does not directly finance any company whose exposure to all these three non-conventional resources accounts for more than 10% of revenue** based on available information⁶¹.

1- Oil sands

- The Caisse des Dépôts Group does not directly finance⁶² any greenfield or brownfield project dedicated⁶³ to exploration, extraction, production, transmission or refining of oil from oil sands.
- We do not directly finance⁶⁴ any company whose exploration, extraction, production, transport⁶⁵, refining of and trading in oil from oil sands accounts for more than 10% of revenue, based on available information.

2- Shale gas and oil

- The Caisse des Dépôts Group does not directly finance⁶⁶ any new greenfield or brownfield project dedicated to⁶⁷ exploration, extraction, production, transmission and refining of shale gas or oil.
- It does not directly finance⁶⁸ any company whose exploration, extraction, production, transmission⁶⁹, refining of or trading in shale gas or oil accounts for more than 10% of revenue, based on available information.

⁵⁸ L'Autorité de Contrôle Prudentiel et de Résolution (French Prudential Supervision and Resolution Authority) is the French bank and insurance supervisory body, located in the Banque de France.

⁵⁹ The scope includes production companies, integrated companies, oil and gas refining, transmission, storage and distribution companies and direct tier-1 suppliers of equipment and services, of at least mid-cap size.

⁶⁰ [https://eur-lex.europa.eu/legal-content/FR/TXT/PDF/?uri=CELEX:52019XC0620\(01\)&from=EN](https://eur-lex.europa.eu/legal-content/FR/TXT/PDF/?uri=CELEX:52019XC0620(01)&from=EN)

⁶¹ Except for suppliers of products and services (known as “oilfield services”), and companies active mainly in the transmission, storage and distribution of gas in France, whose activity is supervised by the regulator, requiring non-discrimination in access to their infrastructure. The Group encourages these companies to use their best efforts to limit their exposure to non-conventional energies and asks them to publish the percentage of their business deriving from these non-conventional resources. SFIL may therefore selectively support these companies by financing green projects.

⁶² In investment and financing. The guarantees are managed on behalf of the Government based on a policy defined by the French Ministry for the Economy and Finance.

⁶³ Assets are considered to be dedicated when their activity relies principally on the resource addressed by the policy.

⁶⁴ Regarding its export refinancing business, SFIL may continue to refinance these companies' low-carbon projects.

⁶⁵ Except for companies active mainly in the transmission, storage and distribution of oil in France, whose activity is supervised by the regulator, requiring non-discrimination in access to their infrastructure.

⁶⁶ In investment and financing. The guarantees are managed on behalf of the Government based on a policy defined by the French Ministry for the Economy and Finance.

⁶⁷ Assets are considered to be dedicated when their activity relies principally on the resource addressed by the policy.

⁶⁸ Regarding its export refinancing business, SFIL may continue to refinance these companies' low-carbon projects.

⁶⁹ Except for companies active mainly in the transmission, storage and distribution of gas in France, whose activity is supervised by the regulator, requiring non-discrimination in access to their infrastructure.

3- Gas and oil from the Arctic

- The Caisse des Dépôts Group does not directly finance⁷⁰ any greenfield or brownfield project dedicated⁷¹ to exploration, extraction, production, transmission or refining of gas or oil in international waters, EEZ or territories in the Arctic region.
- It does not directly finance⁷² any company whose exploration, extraction, production, transmission⁷³, refining of and trading in gas or oil in the Arctic region accounts for more than 10% of revenue, based on available information.

2.2 Managing the transition risk

Regarding its own exposure to the oil and gas industry, the **Group does not grant any new financing for greenfield oil infrastructure projects**⁷⁴.

3. Analysis of financing and investment projects

3.1 Analysis of transition goals

The Caisse des Dépôts Group analyses commitments made by companies in the short, medium and long term as well as recent and upcoming investment decisions⁷⁵.

- **It expects information that allows it to analyse changes in the carbon intensity of oil and gas companies and the emissions they generate, across the value chain, with regard to 1.5°C scenario pathways.** Implementation of a structured strategy to reduce methane emissions for a value chain “close to net zero emissions of methane” will be taken into account in the initial analysis and follow-up of these assets, the inclusion of such a mechanism improving or reducing the ESG assessment of a project.
- **If the companies deviate from this pathway, the Group may improve or reduce the assessment of a company, and could potentially exclude certain stock from its portfolio.**
- **The Group will develop tools to analyse an infrastructure’s alignment with a national or regional energy pathway compatible with the goal of keeping climate change to within the 1.5°C limit.**

3.2 Analysis of the transition risk

The Group analyses any new project to invest in or finance oil and gas production, transmission, refining, storage and distribution facilities by integrating into the valuation, including in terminal value, the decline in consumption induced by a 1.5°C scenario. In France, the MEP pathway must be integrated (currently -19% in 2023 and -34% in 2028 for oil, and -10 % in 2023 and -22 % in 2028 for gas) and the National Low-Carbon Strategy for later dates. The valuation should also include investments to be made to increase the integration of sustainable gas (biomethane and clean hydrogen).

When analysing an investment or financing for a company, the Group ensures that exposure to the transition risk is financially integrated⁷⁶, by modulating the company’s risk indicator based on the extent to which the company’s strategy and potential changes tend towards a transition.

3.3 Analysis of specific projects

⁷⁰ In investment and financing. The guarantees are managed on behalf of the Government based on a policy defined by the French Ministry for the Economy and Finance.

⁷¹ Assets are described as dedicated when their activity relies principally on the resource addressed by the policy.

⁷² SFIL may continue to refinance these companies' low-carbon projects.

⁷³ Except for companies active mainly in the transmission, storage and distribution of gas in France, whose activity is supervised by the regulator, requiring non-discrimination in access to their infrastructure.

⁷⁴ SFIL will apply the Government credit-insurance policy requiring support for exploration / production of new oil assets to cease in 2025. For SFIL, this exclusion does not concern petrochemical facilities.

⁷⁵ based on availability and reliability of data

⁷⁶ based on availability and reliability of data

A) Renewable hydrogen production projects

The Group supports the French Hydrogen strategy by investing in SPVs for **renewable hydrogen** production facilities in France, accompanying the first deployments at LCOH(*), for which offtakers are identified, according to three priorities : i) small/modular renewable hydrogen production demonstrators; ii) support for industrial hydrogen recovery projects; iii) support for targeted industrial decarbonisation projects in favour of use of renewable local hydrogen.

B) Biogas projects

Caisse des Dépôts' Banque des Territoires invests in fully de-risked SPVs⁷⁷ or SPVs in France presenting an industrial risk (staff, investment, development). The following sectors are concerned:

- **In direct investment in SPVs:** construction, extension, and operation of Biogas facilities **by producing methane from biowaste and sludge from water treatment plants;**
- **In indirect investment in SPVs via an investment fund (*green gas fund*):** construction, extension and operation of Biogas facilities by **producing methane from agricultural waste.**

C) CCS projects

In the event of a request for financing for carbon capture projects, the Caisse des Dépôts Group asks the project sponsors for a feasibility and competitiveness analysis. It will give priority to capture projects in industrial sectors in which emissions are hard to abate, particularly supporting ambitious projects where the outcome is that the emitters' activities would match the European Taxonomy criteria for sustainable activities.

⁷⁷ Special Purpose Vehicle – in investing, this is a company created with equity and quasi-equity, whatever the segment or asset class.

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la France**



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