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 worldwide[1]. The oil and gas industry alone is responsible for 51 % of CO_2 emissions[2].
The energy scenarios defined by IPCC[3] and the IEA[4] 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 consumption[5]. 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)[6].

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 transition[7]. 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,limits on financing and investments and exclusion deadline for 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 SFIL[8]. 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.

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[1] Source: Chiffres clés du climat 2020 I4CE-MTES
[2] Excluding land use
[3] Intergovernmental Panel on Climate Change
[4] International Energy Agency
[5] 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
[6] 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/
[7] 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.
[8] 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.

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 industry [9], 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.

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 initiative[10] 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, CCUS[11], BECCS[12] 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 expects companies present in the oil and gas supply chain (fossil and renewable), from production to distribution14, to implement a structured strategy to reduce methane emissions for a supply chain "tending towards zero methane[13] emissions". It will include:
• A reduction in the intensity of methane emissions in 2025 from operations and nonoperated investments well below 0.20% and tending towards zero, or to reduce methane emissions by at least 30% in 2025 compared to 2015 and between 60% and 75% in 2030.
• A formalized plan to reduce routine flaring operations no later than 2030 on the operated scope and on its non-operated holdings.
• A formalized plan to reduce its venting operations.
• The publication each year of its objectives and its progress, preferably according to the OGMP 2.0 reporting framework, aiming for the most detailed level of reporting (at least level 4), otherwise by explaining its method.
• Publication of methane emissions from oil and gas imports.

The Group encourages companies to include their strategy in one or more voluntary collective initiatives including Oil&Gas Climate Initiative (OGCI), Methane Guiding Principles (MGP), Zero routine flaring by 2030 (ZRF), OGMP 2.0. For companies

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[9] Defined as direct operators and their direct tier-1 suppliers, of at least mid-cap size.
[10] A methodology specific to the sector is currently being developed.
[11] Carbon Capture, Utilization, and Storage
[12] Bioenergy with carbon capture and storage
[13] 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.

operating in Europe, these commitments will prepare for the application of the regulations on methane emissions from the energy sector currently being adopted. The Group thus supports the international commitments of France and the EU.

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.

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 ADEME[14] 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 industry[15] 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

[14] https://presse.ademe.fr/2019/11/compensation-carbone-5-regles-de-bonnes-pratiques.html
[15] 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.

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 regulations[16] 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 Commission[17]. This publication will be made compulsory for European companies with more than 500 employees that are subject to the Non-Financial Reporting Directive[18].

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 sales[19]. Where applicable, they will report on the **share of biofuel sold that carries sustainability certification** recognised internationally and by the European Union[20].

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 represents[21]. 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,

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[16] https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52018PC0353
[17] 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
[18] Non-Financial Reporting Directive: https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting/non-financial-reporting_en
[19] 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.
[20] 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.
[21] 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.

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 companies[22]

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**,

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 publish[23] the percentages that the exploitation of gas and oil from oil sands, the Arctic[24] and hydraulic fracturing represent, respectively, in their revenue, production and reserves.

2- **Specific case of companies or SPVs[25] 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

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[22] 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.

[23] 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.

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

[25] 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.

- 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 scale[26], 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-ACPR[27], 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 industry[28]:

1- It expects companies, in accordance with the TCFD guidelines and European climate reporting guidelines[29], **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

Unconventional fossil fuels are often emitting more greenhouse gases during their extraction, transformation and/or transport. They are also very harmful for biodiversity: destruction of boreal forests for the extraction of oil sands, hydraulic fracturing and multiplication of drilling for shale gas and oil or even major risks for arctic ecosystems in the event of drilling and/or accidents.

The Group undertakes to achieve zero exposure to the following unconventional fossil fuels before 2050 and to regularly review this exit date in order to bring it forward.

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 information[30].

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[26] In its NZE2050 scenario, the International Energy Agency includes, for example, a 33.7% drop in global oil demand between 2019 and 2030.
[27] 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.
[28] 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.
[29]https://eur-lex.europa.eu/legal-content/FR/TXT/PDF/?uri=CELEX:52019XC0620(01)&from=EN
[30] 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

1- Oil sands

- The Caisse des Dépôts Group does not directly finance[31] any greenfield or brownfield project dedicated[32] to exploration, extraction, production, transmission or refining of oil from oil sands.

- We do not directly finance[33] any company whose exploration, extraction, production, transport[34], 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 finance[35] any new greenfield or brownfield project dedicated to[36] exploration, extraction, production, transmission and refining of shale gas or oil.

- It does not directly finance[37] any company whose exploration, extraction, production, transmission[38], refining of or trading in shale gas or oil accounts for more than 10% of revenue, based on available information.

3- Gas and oil from the Arctic

- The Caisse des Dépôts Group does not directly finance[39] any greenfield or brownfield project dedicated[40] 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 finance[41] any company whose exploration, extraction, production, transmission[42], 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**.

The Group excludes from its investment and direct financing portfolios:

- The development of new oil or gas projects (upstream)[43] .

- Transport infrastructure associated with these new projects.

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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.

[31] 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.

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

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

[34] 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.

[35] 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.

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

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

[38] 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.

[39] 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.

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

[41] SFIL may continue to refinance these companies' low-carbon projects.

[42] 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.

[43] With the exception of a company which develops, in France, mine gases, making it possible to reduce methane emissions from old coal mines. Furthermore, this commitment does not concern regulated gas transmission entities and midstream gas regasification projects.

The Group undertakes not to increase its total exposure to companies that are developing new oil exploration or production projects[44].

In addition, each entity of the Group[45] ensures that the new hydrocarbon production projects of the companies in the portfolio represent less than 20% of the developments in progress in the world (in millions of barrels of oil equivalent)

The CDC undertakes to exclude from its investments companies that do not have a plan to reduce oil production.

For LBPAM and CNP Assurances, as of 2025, the cessation of oil and gas expansion will become a criterion for the sale of companies on a case-by-case basis after examining the following criteria: i) the immediate cessation of new oil and gas reserves exploration investments; (ii) the rapid cessation of approval for the development of new oil and gas fields, and (iii) the justification of the climate compatibility of the development of new production and distribution capacities on existing oil and gas reserves with the sectoral trajectories established by the IPCC or the IEA in order to cap global warming at 1.5° by the end of the century.

The export activity of Bpifrance and SFIL is aligned with the State policy on the cessation of support for exploration and production in 2025 for oil and 2035 for gas[46].

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 decisions[47].

- **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.**

[44] As a % of the portfolio for CDC, in balance sheet value for CNP Assurances. Excluding green and sustainable bonds and project financing unrelated to new oil projects. LBPAM undertakes to integrate, on a case-by-case basis and in conjunction with companies' decarbonization trajectories, the development of new oil or fossil gas exploration or production projects into the management company's exclusion criteria.
[45] Excluding LBPAM
[46] The finance bill for 2023 proposes the end of export guarantees from 1 January 2023 for the entire value chain of the sector of all fossil fuels: from upstream exploration-production to refining downstream, through transport and storage. Subject to its adoption, Bpifrance and SFIL will apply these exclusions.
[47] based on availability and reliability of data

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 integrated[48], 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

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 SPVs[49] 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.

[48] based on availability and reliability of data
[49] Special Purpose Vehicle – in investing, this is a company created with equity and quasi-equity, whatever the segment or asset class.