

16 December 2022

# Our exclusion policy

The provisions of this chapter will enter into force on 1 July 2023



**Caisse  
des Dépôts**  
GROUPE

In order to implement its sustainability goals, the Group has adopted an exclusion policy for investments and financing operations that it considers incompatible with the values and goals that it seeks to achieve. This exclusion list specifies the activities that the Group refuses to finance or invest in because of regulatory requirements or environmental, ethical or social criteria arising from its ESG commitments.

### Scope of application

The exclusion policy applies to all of the Caisse des Dépôts Group's investment and financing activities. Thus, each entity ensures compliance with this exclusion list.

## a) Regulatory exclusions

The Group endeavours not to finance or invest in activities involving the production of or trade in any illicit product, or any activity that is illegal according to the laws of **France or the country of destination**, to national or international regulations applicable in France or the country of destination, or to international conventions or agreements that create obligations for France or the country of destination. To this end, the Group's entities have an analysis process for regulatory exclusions, applied, where possible, at the time of selection. They also employ a controversy treatment process. Regulatory exclusions apply in particular to:

1. Prostitution;
2. Activities involving forced labour<sup>1</sup>, child labour<sup>2</sup> or human trafficking<sup>3</sup>, as far as possible down the value chain;
3. Illegal activities involving organs, tissues and products of the human body or genetic engineering activities prohibited by the national bioethics regulations of France<sup>4</sup>, the host country, or by European or international standards<sup>5</sup> applicable in this area;
4. The trade, production, breeding or possession of animals, plants and all natural products that do not comply with the provisions of the CITES<sup>6</sup>;
5. The production, use or trade of any product<sup>7</sup> as long as they are prohibited from production or use or subject to a progressive ban under the regulations of the country of destination or international regulations;
6. Transboundary trade in waste, except that which complies with the Basel Convention<sup>8</sup> and related regulations;
7. Illicit trade or activities of a nature to facilitate illicit trafficking in cultural goods<sup>9</sup>;

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<sup>1</sup> "Forced labour" is understood to mean all work or service performed involuntarily, exacted from any person under the threat of force or punishment, as defined by the ILO conventions.

<sup>2</sup> Employees must be at least 14 years of age as established by one of the ILO's fundamental Conventions (Minimum Age Convention C138, Art. 2), unless local legislation specifies compulsory school attendance or a minimum working age. In such circumstances, the oldest age must be considered.

<sup>3</sup> Council of Europe Convention on Action against Trafficking in Human Beings (2005): <https://rm.coe.int/168008371d> (2005); Directive 2011/36/EU on preventing and combating trafficking in human beings and protecting its victims.

<sup>4</sup> V. AR. 16 to 16-14 of the French Civil Code (mainly arising from Act no. 94-653 of 29 July 1994 on respect for the human body and Act no. 2004-800 of 6 August 2004 on bioethics).

<sup>5</sup> Council of Europe Convention for the Protection of Human Rights and Dignity of the Human Being with regard to the Application of Biology and Medicine: Convention on Human Rights and Biomedicine (Oviedo, 04/04/1997); Council of Europe Convention against Trafficking in Human Organs (Saint-Jacques-de-Compostelle, 25/03/2015).

<sup>6</sup> CITES: Convention on International Trade in Endangered Species of Wild Fauna and Flora (Washington, 1993).

<sup>7</sup> Such as asbestos fibres, chemicals, pharmaceuticals, pesticides/herbicides, ozone-depleting substances or any other hazardous substance.

With the exception of activities relating to the treatment and recovery of hazardous waste, intended to comply with national and international regulations in this area.

<sup>8</sup> The Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal is available at: [www.basel.int](http://www.basel.int).

<sup>9</sup> Trade in cultural goods is regulated by the Convention on the Means of Prohibiting and Preventing the Illicit Import, Export and Transport of Ownership of Cultural Property (1970).

8. Projects where a forced eviction as defined by the United Nations<sup>10</sup> has taken place on the impact site of the planned project, for which a causal link can be established with the purpose of this project and for which it has been established that it is materially impossible to provide compensation<sup>11</sup>.

Furthermore, in line with its legal commitments, Caisse des Dépôts has established a framework for procedures relating to the fight against money laundering, the financing of terrorism, the violation of embargoes and the fight against corruption.

## b) Voluntary exclusions

The Group excludes the financing of and investment in the following activities, due to the proven or potential negative effects on human rights, inequalities, the climate or biodiversity, and which the Group considers to be incompatible with its commitments, regardless of the location of the investment or financing, i.e.:

1. The main activity of pornography-related production or trade<sup>12</sup>;
2. The main activity<sup>13</sup> of manufacture, storage and sale of tobacco<sup>14</sup>;
3. The main activity<sup>15</sup> of gambling-related trade<sup>16</sup>;
4. The production, development, stockpiling, distribution, marketing or use<sup>17</sup> of anti-personnel mines and cluster munitions<sup>18</sup>; chemical weapons<sup>19</sup>, depleted uranium weapons<sup>20</sup>, nuclear weapons sold in countries that are not signatories to the Treaty on the Non-proliferation of Nuclear Weapons<sup>21</sup>, biological weapons<sup>22</sup> and, by the end of 2023, marketing for the use of incendiary weapons<sup>23 24</sup> and blinding laser weapons<sup>25</sup>;

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<sup>10</sup> Resolution no. 1993/41 of the United Nations Sub-commission on Human Rights: "Forced evictions". "The term "forced evictions" as used throughout this general comment is defined as the permanent or temporary removal against their will of individuals, families and/or communities from the homes and/or land which they occupy, without the provision of, and access to, appropriate forms of legal or other protection" (Committee on Economic, Social and Cultural Rights, General Comment No. 7).

<sup>11</sup> Due to refusal by the project ownership or its inability to identify the populations who are the victims of forced evictions.

Projects for which remediation for the infringement of rights is possible are not excluded.

<sup>12</sup> The exclusion threshold applied by the La Poste Group is 10% of a company's turnover in this sector.

<sup>13</sup> Only the main activity is excluded as urban development plans that might subsequently integrate tobacco sales plans are not concerned.

<sup>14</sup> The exclusion threshold applied by the La Poste Group is 10% of a company's turnover in this sector. Bpifrance will gradually exclude all specialised producers, manufacturers and retail business, including electronic cigarettes.

<sup>15</sup> Only the main activity is excluded as urban development plans that might subsequently integrate sales plans are not concerned.

<sup>16</sup> The exclusion threshold applied by La Banque Postale Asset Management is 10% of a company's turnover in this sector. For CNP, this exclusion does not concern companies with a recognised policy on the prevention of gambling addiction. For Bpifrance, this exclusion does not concern casinos.

<sup>17</sup> The Group excludes any project relating to the financing of listed controversial weapons. Bpifrance and SFIL, as part of its export credit activity, will exclude all non-conventional weapons listed in international treaties ratified by France.

<sup>18</sup> The Oslo convention (or the Convention on Cluster Munitions) prohibits the use, production, stockpiling and transfer of all cluster munitions defined as such. It was signed on 3 December 2008 by 94 States including France, and now has 115 signatory States. The Ottawa treaty (or the Anti-personnel Mine Ban Convention) prohibits the use, stockpiling, production and transfer of anti-personnel mines and encourages their destruction. It was signed on 3 and 4 December 1997 by 122 States including France, and now has 164 signatory States.

<sup>19</sup> Chemical weapons are defined as all toxic chemicals when used for military purposes, as well as munitions and devices specifically designed to cause harm through the toxic properties of the toxic chemicals. The 1997 Chemical Weapons Convention (CWC) on the Prohibition of the Development, Production, Stockpiling and Use of Chemical Weapons and on their Destruction.

<sup>20</sup> Depleted uranium weapons are munitions using depleted uranium, a very dense substance, usually for the purpose of piercing through armour.

<sup>21</sup> Nuclear weapons rely on the energy created by the fission of atomic nuclei (uranium, plutonium or hydrogen). The 1970 Treaty on the Non-Proliferation of Nuclear Weapons (NPT) prohibits the transfer of nuclear weapons and controls the transfer of components that could be used to develop nuclear weapons. However, it encourages technological and scientific cooperation in terms of civil nuclear power.

<sup>22</sup> Biological weapons are microbial or other biological agents and toxins, which are not used for prophylactic, protective or other pacific purposes. The Biological Weapons Convention (BWC) of 1975 prohibits the development, production, stockpiling and acquisition of biological agents and toxins for military purposes.

<sup>23</sup> Incendiary weapons are bombs designed to set a fire. This type of weapon is generally created using napalm, thermite, chlorine trifluoride or white phosphorus. White phosphorus is a chemical substance derived from phosphorus, which can be used in the composition of incendiary weapons. These munitions can burn in open air for a long period of time and, when used in populated areas, can cause terrible injuries and serious burns to muscles and bone.

<sup>24</sup> The exclusion relating to incendiary weapons does not apply to CNP.

<sup>25</sup> Blinding laser weapons emit a ray capable of causing immediate and reversible blindness from a distance of several kilometres. The 1980 Convention on Certain Conventional Weapons (CCW) prohibits or restricts the use of certain conventional weapons that may cause unnecessary or unjustifiable suffering to combatants or to affect civilians indiscriminately.

5. Speculation on agricultural raw materials which has a direct impact on food prices<sup>26</sup> and raw material farmers and traders having not implemented a recognised prevention of deforestation policy<sup>27</sup> (cocoa, coffee, soya, farms, Hevea, palm oil, wood and pulp);
6. Companies whose activity exposed to pesticides represents over 20% of their turnover<sup>28</sup>, from the end of 2023.

With its Climate Policy<sup>29</sup>, the Group applies exclusions as regards fossil fuels.

As regards the thermal coal phase-out plan: the Group undertakes to achieve zero exposure to thermal coal across its investment portfolio by 2030 in OECD countries, and by 2040 in the rest of the world. The Group excludes the following from its investment and financing portfolios<sup>30</sup>:

1. Companies whose activity exposed to thermal coal represents over 10% of their turnover. This threshold will be dropped to 5% of turnover as from 2023.
2. Companies developing new coal-fired power plants (threshold of 300 MW in new capacity) or new coal mines and dedicated infrastructures.
3. Mining companies for which the annual production of thermal coal exceeds 10Mt.
4. Energy suppliers with a coal-based electricity generation capacity exceeding 10GW.

Nonetheless, the Group may act to support companies in their transition towards a new production model that meets these criteria.

In terms of plans to phase-out non-conventional energy sources, the Group is committed to achieving zero exposition to non-conventional hydrocarbons by 2050 (i.e., derived from oil sands, the Arctic or hydraulic fracturing which notably allows for the extraction of shale gas) and to regularly reviewing said phase-out date to bring it forward.

The Group excludes the following from its investment and financing portfolios:

1. Companies<sup>31 32</sup> generating over 10% of their turnover from non-conventional hydrocarbons, except where financing targets a project or subsidiary dedicated to renewable energies.
2. Direct financing of infrastructures and exploration projects dedicated to such non-conventional hydrocarbons.

As regards the framework for oil and gas (conventional and non-conventional), the Group excludes the following from its direct investment and financing portfolios:

1. The development of new oil or gas projects (upstream)<sup>33</sup>.
2. Transport infrastructures associated<sup>34</sup> with such new projects.

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<sup>26</sup> These are exchange-traded funds based, in particular, on basic agricultural raw food materials and on speculative transactions which could contribute towards inflating basic agricultural raw materials of agricultural or maritime origin (wheat, rice, meat, soya, sugar, dairy products, fish and corn).

<sup>27</sup> Excluding CNP Assurances and SFIL which are currently in the analysis stages on this topic. Excluding Bpifrance which will favour increased shareholder dialogue on this topic.

<sup>28</sup> Excluding CNP Assurances, LBPAM and SFIL which are currently in the analysis stages on this topic. Excluding Bpifrance which will favour increased shareholder dialogue on this topic. The refinancing of SFIL's export credits being intended to finance identified projects, the exclusion applies to the finance project.

<sup>29</sup> Read the CDC Group's Climate Policy and sectoral policies here: <https://www.caissedesdepots.fr/en/committed/at-the-service-of-the-French/ecological-transition/Our-commitments-for-the-climate>

<sup>30</sup> For CNP Assurances, this commitment only applies to new investment flows, and not stock, in order to take account of the uncertain energy supply backdrop. SFIL may continue to refinance low-carbon projects on export, or those which improve electricity generation or current electrical transmission or distribution infrastructures in the country in which the project is carried out, or in line with the transition strategy of the company or country in question. For Bpifrance: except for an unlisted company having announced plans to phase-out coal by 2030.

<sup>31</sup> Excluding companies that provide products and services (known as "oil and gas-related companies"). Thus, the SFIL may support such companies on a selective basis with financing for low-carbon projects.

<sup>32</sup> Excluding *Green Bonds*, *Sustainable Bonds*, *Social Bonds* and excluding companies mainly operating in the transport, storage and distribution of gas in France and bordering countries for which activity is regulated and requires non-discriminate access to their infrastructures. The Group encourages the latter to make all efforts to limit their exposure to non-conventional energy sources, and requires them to publish the proportion of their activity stemming from such resources.

<sup>33</sup> With the exception of companies developing mine gas in France, allowing to reduce methane emissions from old coal mines.

<sup>34</sup> An infrastructure is considered associated with a project if the following conditions are met: (a) it is significantly related to the project, (b) it is carried out within a temporality related to the project, (c) the project is not viable without it, and (d) it would not be carried out if the project did not exist.

The Group is committed to not increasing its total exposition to companies developing new oil exploration or production projects<sup>35</sup>. The CDC is committed to excluding from its investments all companies that have not adopted a plan to reduce oil production. For LBPAM and CNP Assurances, as from 2025, the stoppage of oil and gas expansion will become a criterion for the sale of companies, on a case-by-case basis, after an examination of the following criteria:

- i) immediate stoppage of investments in the exploration of new oil and gas reserves;
- ii) quick stoppage of approval of the development of new oil and gas fields, and
- iii) demonstration of the climatic 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 limit global warming to 1.5 °C by the end of the century.

Furthermore, each Group entity<sup>36</sup> must ensure that the new hydrocarbon production projects carried out by the companies in its portfolio represent less than 20% of developments in progress worldwide (in million barrels of oil equivalent)<sup>37</sup>.

Bpifrance and SFIL's export activity is aligned with the State's policy and takes account of the end of export guarantees, as from 1 January 2023, for the fossil fuel sector's entire value chain: from the exploration and production stage upstream, to refining downstream, including transport and storage.

#### **Application to the transport sector**

- The Group excludes all financing and investment in infrastructure projects and transport services dedicated to the exploitation of coal or non-conventional hydrocarbons, or whose sales are dependent on these energies for more than 50%, in the absence of a plan to diversify sales below this threshold within two years.
- The Group excludes all financing and investment in oil infrastructure projects and transport services associated with new oil projects, such as airports or roads servicing areas where deposits will be exploited.

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<sup>35</sup> Excluding green and sustainable bonds and the financing of projects not related to new oil projects. LBPAM is committed to including, on a case-by-case basis and in line with companies' decarbonisation trajectories, the development of new oil or fossil gas exploration or production projects within the management company's exclusion criteria.

<sup>36</sup> Excluding LBPAM.

<sup>37</sup> Excluding companies that provide products and services (known as "oil and gas-related companies"). This note applies to the fossil fuel exclusions above: SFIL may continue to refinance low-carbon projects on export, or those which improve electricity generation or current electrical transmission or distribution infrastructures in the country in which the project is carried out, or in line with the transition strategy of the company or country in question.